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ABSTRACT

This module is designed to introduce students to the financial system and to ways of securing a positive financial position through proper budgeting, balancing, and spending of monies earned. The module also provides information on students' rights as consumers and how to protect themselves in the marketplace. This module is appropriate for all secondary and postsecondary students. The module contains six instructional units: Earning Money; Managing Money; Spending Money; Protecting the Consumer; Using Financial Services; and Securing Credit. Each unit follows a standard format that includes eight basic components: performance objectives, suggested activities for the teacher, information sheets, assignment sheets, job sheets, transparency masters and supplements, tests, and answers to tests and assignment sheets. Depending on the specific objectives, there may or may not be transparency masters, supplements, assignment sheets, or job sheets included in the unit of instruction. All of the unit components focus on measurable and observable learning outcomes. Teachers are encouraged to supplement, personalize, localize, and motivate with these materials to develop a complete teaching/learning process. Units of instruction are designed for use in more than one lesson or class period of instruction. (NLL)

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Development of Financial Skills

Developed by
Curriculum and Instructional Materials Center
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BS1004

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FOREWORD

The *Successful Living Skills* series is intended to help people become more self-sufficient in their personal and professional lives. The series contains fourteen (14) modules ranging in subjects from Basic Automotive Responsibilities to Managing Personal Matters to Effective Employment Practices. Each module takes the student through the important areas within the subject matter to ensure a basic working knowledge.

The *Development of Financial Skills* module is designed to introduce students to the financial system and how to secure a positive financial position through proper budgeting, balancing, and spending of monies earned. The module also provides information on students' rights as consumers and how to protect themselves from the marketplace. This module is appropriate for all secondary and post-secondary students.

Roy Peters, Jr., State Director
Oklahoma State Department of
Vocational and Technical Education

ACKNOWLEDGEMENTS

The development of the *Successful Living Skills: Development of Financial Skills* is credited to the staff of the Oklahoma State Department of Vocational and Technical Education (SDVTE) and various individuals.

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Kent Boggs, State FFA Executive Secretary

Jerry Huddleston, Assistant State Coordinator of Employment and Training

Gayle Kearns, Curriculum Development Specialist

Belinda McCharen, Coordinator of Vocational Guidance

Candy Sebert, Assistant State Supervisor of Home Economics

Phyllis Tarrant, Curriculum Development Specialist

Marilyn Troupe, Curriculum Development Specialist

Keith Harp, Staff Development Specialist

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Terrell B. Ogilvie
Technical Writer
Curriculum and Instructional
Materials Center

OTHER MODULES IN THE SUCCESSFUL LIVING SKILLS SERIES

Effective Employment Practices

Successful Human Relations

Successful Study Habits

Effective Communicaton

Basic Automotive Responsibilities

Responsible Citizenship Practices

Basic Shelter Responsibilities

Managing Personal Matters

Successful Clothing Management

Effective Social Skills

Personal Health and Safety

Securing Information

Personal Meal Alternatives

USE OF THIS PUBLICATION

Instructional Units

Development of Financial Skills includes six instructional units. A standard format was established in 1970 for development of instructional materials for all Oklahoma vocational teachers. This format includes eight basic components that form a unit of instruction: performance objectives, suggested activities for the teacher, information sheets, assignment sheets, job sheets, transparency masters and supplements, tests, and answers to tests and assignment sheets. Depending on the specific objectives, there may or may not be transparency masters, supplements, assignment sheets, or job sheets included in the unit of instruction.

All of the unit components "zero in" on measurable and observable learning outcomes. Teachers are encouraged to supplement, personalize, localize, and motivate with these materials in order to develop a complete teaching/learning process.

Units of instruction are designed for use in more than one lesson or class period of instruction. Careful study of each unit of instruction by the teacher will help him or her determine the following

A. Amount of material that can be covered in each class period

B. Skills that must be demonstrated

   1. Supplies and equipment needed

   2. Amount of practice needed

   3. Amount of class time needed for demonstrations

C. Supplementary materials, such as pamphlets and videos, that must be ordered

D. Resource people to contact

Performance Objectives (white pages)

Each unit of instruction is based on the performance needed for successful employment in an occupational area. Performance objectives are stated in two forms: unit objectives, stating the subject matter to be covered in a unit of instruction; and specific objectives, stating the performance necessary to reach the unit objective. Since the objectives of the unit provide direction for the teaching/learning process, it is important that teachers and students have a common understanding of the intent of the objectives. Following is a list of performance terms, their meanings, and behavioral synonyms that may have been used in this material.

A. Name — The individual supplies a name for objects, events, or people

   Behavioral synonyms: Label, list, letter record, reiterate, repeat, write

B. Identify — The individual selects a named, described, or pictured object by pointing to it, touching it, picking it up, or selecting it

   Behavioral synonyms: Select, mark, match, choose, judge

C. State a rule — The individual communicates a relationship or principle that could be used to solve problems or perform a task

D. Apply a rule — The individual supplies an answer to a problem by using a stated relationship or principle

   Behavioral synonyms: Solve, calculate

E. Describe — The individual relates sufficient characteristics or properties of an object or event so that a second individual will be able to state what is being discussed

   Behavioral synonyms: Define, discuss, interpret, recite, tell how, tell what happens when

F. Distinguish — The individual selects an object or event from two or more that are easily confused

   Behavioral synonyms: Discriminate, differentiate

G. Order — The individual arranges three or more objects or events in a sequence based on a stated property

   Behavioral synonyms: Arrange, sequence, list in order, classify, divide, isolate, sort

H. Construct — The individual makes a physical object, a verbal statement, or a drawing

   (NOTE: Construct is used when the finished product or result is important.)

   Behavioral synonyms: Draw, make, build, design, formulate, reproduce, transcribe, convert, put together, compile

I. Demonstrate — The individual performs several operations necessary to carry out a specified process

   (NOTE: Demonstrate is used when it is desirable to watch the student perform a task, one of the highest levels of student performance.)

   Behavioral synonyms: Show your work, show procedure, perform an experiment, perform the steps, operate, remove, replace, turn off/on, (dis)assemble, (dis)connect

The objectives should be provided for students and stressed throughout the teaching/learning process. This will help answer any questions concerning performance requirements for each instructional unit. The objectives can also help determine teaching strategies and instructional methods. Prepare for each unit by deciding how each objective can best be taught.

The objective sheet may also be used as a quick pretest to determine prior knowledge of students and to determine whether further study or activities are necessary. Instructors should feel free to modify, delete, or add objectives in order to meet the needs of the students and community. When changes in objectives are made, the instructor should remember to supply the needed information, assignment and/or job sheets, and criterion test items.

Suggested Activities (pink pages)

This component is included only in instructor material. The suggested activities pages assist the instructor during the preparation stage of the teaching/learning process by providing suggestions for delivery and/or presentation during the instructional process. Read the suggested activities before teaching the units to allow time to obtain supplemental materials, prepare audio-visual materials, and contact outside resources. Duties of the instructor will vary according to the particular unit.

The references that are listed are ones used in the development of each unit. They should be used by the instructor to supplement her or his knowledge of the subject area or to help students with particular interests or occupational objectives in the area covered.

Supplements (white pages)

Supplements are optional teaching aids that support portions of the information sheet. Supplements include such activities as games, puzzles, and additional information (which is intended to be used as the instructor deems necessary). Supplements may be photocopied for classroom use only.

Transparency Masters (white pages)

Transparency masters provide information in a special way. Transparencies direct the class's attention to the topic of discussion. Transparencies may present new information, or they may reinforce information presented in the information sheet. They are particularly effective when identification is necessary. Make transparencies, and place them in the notebook where they will be immediately available for use.

Information Sheet (green pages)

The information sheet provides "must know" content essential for meeting the cognitive (knowledge level) objectives of the unit. The information is written in a topical-outline form and is keyed to the specific objectives.

Instructors will find that the information sheet serves as an excellent guide for presenting background knowledge necessary to develop the skills specified in the unit objective. The information sheet may also be used for coordination activities and advisory committees.

Students should read the information sheet before the information is discussed in class. Space is provided in margins for students and instructors to add notes that supplement, localize, personalize, or provide motivation for each unit.

Student Supplements (green pages)

Student supplements are additional material that support and go beyond portions of the information sheet. Student supplements include such activities as games, puzzles, and additional information that may be used to broaden the students' understanding of the information.

Assignment Sheets (brown pages)

Assignment sheets give students a chance at problem solving, self-assessment, and/or practical experience. They assist students in the application of knowledges that are necessary prerequisites to skill development. These may be given to the student for completion in class or may be used for homework assignments. Answer sheets are provided when appropriate and can be used by the student and/or instructor for checking student progress.

Job Sheets (blue pages)

Job sheets are another important segment of a unit of instruction. The job sheets provide a list of equipment, tools, and materials needed to complete a manipulative or psychomotor skill. They describe a step-by-step procedure needed to complete each task or job. Diagrams, photographs, and illustrations are provided to assist students in achieving the skill.

Instructors should demonstrate to students the procedure outlined in each job sheet. Furthermore, the instructor needs to localize the job sheet according to the equipment and supplies available in the local lab or shop situation. Job sheets also furnish potential employers with a picture of the skills being taught and the performances they might reasonably expect from a person who has had this vocational instruction.

Tests (white pages)

This component provides criterion-referenced evaluation of every objective listed in the unit of instruction. It is crucial to note that both paper/pencil and performance objectives must be evaluated.

The tests may be written or oral. It is recommended that the tests be divided into shorter tests covering three or four objectives at a time and given soon after those objectives have been covered. A selection of questions from the units covered may be used for final tests at the end of each term if desired. If objectives have been added, deleted, or modified, be sure to make the changes on the test.

The acceptable response on a unit test, 85 percent in most units, may be raised or lowered to fit the topic or students' ability levels. The percentage applies to the overall score, not to each individual question. The final unit grade should be obtained by using the paper/pencil score along with evaluations of students' demonstrations of the desired skills. The tests are in the instructor's book but may be photocopied for classroom use only.

Answers to Test and Assignment Sheets (pink pages)

These components are designed to assist the instructor in evaluation of student performances.

Teaching Methods

It is a challenge to keep students motivated. Supplement the objectives by providing the "why," personal experiences, and current information. Prepare for each unit by deciding how each objective can best be taught. Allow students to become involved in preparing and planning.

CORRECTIONS AND SUGGESTIONS

The Curriculum and Instructional Materials Center (CIMC) wants to provide vocational instructors and students with materials that are accurate and effective. Although the CIMC strives to maintain the highest standards of development and production, oversights occasionally do occur. If you find any errors in this or other CIMC publications or have suggestions for improving their usefulness in vocational programs, please notify the CIMC staff. One easy way of pointing out errors is to make a photocopy of the affected page and to indicate the correction on the copy. You can mail the information to the CIMC, where it will be used to correct the publication before the materials are reprinted.

To ensure that the material is updated on a timely basis, it is important that you notify the CIMC of necessary corrections as soon as possible after discovering the error. Do not assume that someone else will notice the error and inform the CIMC; other users may be making the same assumption. Please send corrections and recommendations for improving this publication to the following address:

Coordinator of Curriculum Development
Curriculum and Instructional Materials Center
Oklahoma State Department of Vocational
and Technical Education
1500 West Seventh Avenue
Stillwater, Oklahoma 74074

EARNING MONEY
UNIT I

UNIT OBJECTIVE

After completing this unit, the student should be able to discuss the meaning of money, the ways people earn money, the roles of the individual in the economy, and why people work. This knowledge will be evidenced by completing assignment sheets and unit test with a minimum score of 85 percent.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with earning money to their correct definitions.
2. List the meaning of money.
3. Match the ways people earn money with examples of workers.
4. Discuss roles of the individual in the economy.
5. List the reasons why people work.
6. List ways money has been spent for sense of power, security, and pleasure.
7. Examine thoughts about money.
8. Review vocabulary related to earning money.

EARNING MONEY
UNIT I

SUGGESTED ACTIVITIES

I. Unit contents

A. Objective sheet

B. Suggested activities

C. Supplement #1 — A Brief History of Money

D. Transparency masters

1. TM #1 — Meaning of Money

2. TM #2 — Meaning of Money (continued)

3. TM #3 — Meaning of Money (continued)

4. TM #4 — Role of the Individual in the Economy

E. Information sheet

F. Assignment sheets

1. Assignment Sheet #1 — List Ways Money Has Been Spent for Sense of Power, Security, and Pleasure

2. Assignment Sheet #2 — Examine Thoughts About Money

3. Assignment Sheet #3 — Review Vocabulary Related to Earning Money

G. Answers to Assignment Sheets

H. Test

I. Answers to test

II. Instructor's guide

A. Obtain film to supplement unit.

(NOTE: This film is available on a free-loan basis to Oklahoma teachers only. Oklahoma teachers may order this film from the Oklahoma State Department of Vocational and Technical Education, 1500 West Seventh Avenue, Stillwater, Oklahoma 74074. Out-of-state teachers must order from the address listed below.)

- *Open for Business*. Color, 60 minutes, VHS, 1985. Available from Maryland State Department of Education, 11767 Bonita Avenue, Owing Mills, Maryland, 21117.

SUGGESTED ACTIVITIES

(NOTE: Program 1 begins with interview of six entrepreneurs who define, describe, and discuss advantages and disadvantages of being self-employed. Program 2 begins with a series of interviews of entrepreneurs in which they discuss the sources of their ideas and how to assess the potential success of new venture ideas.)

B. Discuss unit and specific objectives.

- Use Supplement #1, A Brief History of Money, to present an overview of the history of money.
- Have students discuss what money means to them. How important is money?
- Discuss people who are very rich (for example, movie stars, sports figures, industrialists) and people who are very poor (for example, street people, those who live in the hills of Appalachia, city slum dwellers). Compare lifestyles of these two groups.

C. Discuss information and assignment sheets.

1. Use Information Sheet, Section I, to introduce the terms and definitions associated with earning money.
2. Discuss the meaning of money presented in Information Sheet, Section II.
   - Use TM #1, The Meaning of Money, to clarify the three categories.
   - Have students complete Assignment Sheet #1 and discuss their answers. Analyze the answer to the fourth question. Which of the three meanings of money do the students' responses represent?
3. Present the different ways people earn money listed in Information Sheet, Section III.
   - Have students think of people they know who earn money in each of these categories.
   - Discuss the advantages and disadvantages of each way of earning money.
   - Show film *Open for Business*.
4. Use Information Sheet, Section IV, to present the roles of the individual in the economy.
   - Use TM #2 to help focus the students' attention as you present the list.

SUGGESTED ACTIVITIES

- Have students complete Assignment Sheet #2. Discuss the importance or unimportance of each item.

5. Discuss the two reasons why people work using Information Sheet, Section V.

- Have students complete Assignment Sheet #3.

D. Give test.

E. Critique test and discuss in class.

III. Unit references

A. Campbell, Sally R. *The Confident Consumer.* South Holland, IL: The Goodheart-Willcox Company, 1984.

B. Green, D. Hayden. *Consumer in the Economy*. Dallas: South-Western Publishing Co., 1985.

C. Kimbrell, Grady, and Susan T. Kern. *The Savvy Consumer*. Bloomington, IL: McKnight Publishing Co., 1984.

D. Oppenheim, Irene. *Consumer Skills*. Peoria, IL: Bennett Publishing Co., 1982.

E. Ryan, Joan S. *Managing Your Personal Finances*. Dallas: South-Western Publishing Co., 1982.

F. Sasse, Connie, Anne Hagy, Tybe Kahn, and Jeanne Brinkley. *Life Skills: Personal and Home Management*. Mission Hills, CA: Glencoe Publishing Company, 1984.

EARNING MONEY
UNIT I

SUPPLEMENT #1 — A BRIEF HISTORY OF MONEY

Long ago, people hunted and gathered their own food, made clothing from animal skins, and used caves or simple constructions for shelter. These people did not need money.

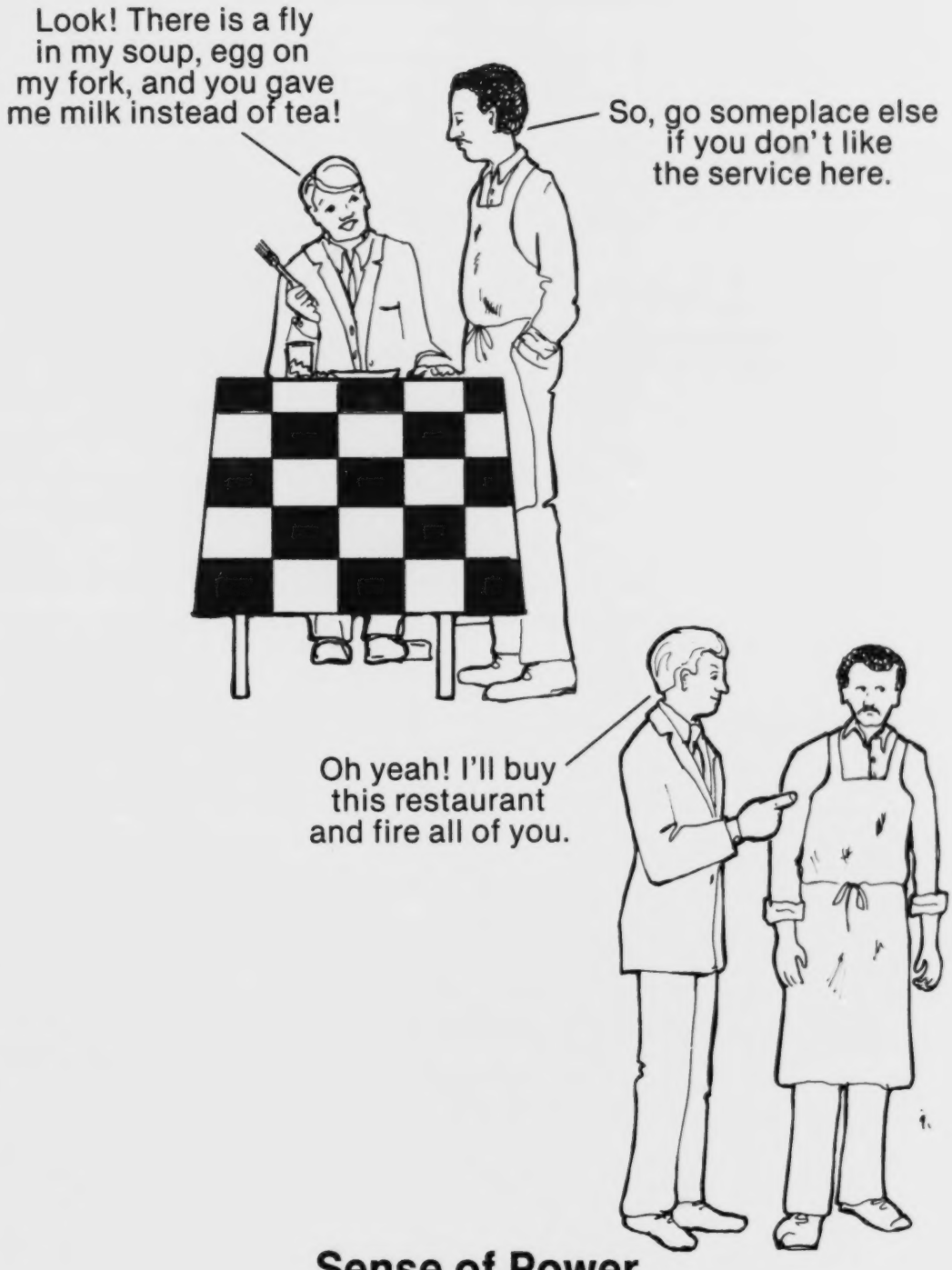
Later, people began to specialize. Some preferred to raise animals, others were better at weaving baskets, making shoes, or gardening. When people began to specialize, they began to barter. A sheep herder might trade with a shoemaker: one lamb for three pairs of shoes. When bartering became too awkward (objects were heavy and hard to transport, some were perishable, people could not make change), mediums of exchange were agreed on. They used things that everyone valued such as metals, salt, or grain.

Eventually, to insure purity and uniform value, governments and other authorities began to manufacture coins. The first coins probably appeared in what is now Turkey between 600 and 700 B.C.

Paper money came along much later. Marco Polo observed its use in China in the 1200's A.D. Paper money is unique because, although it represents value, it has no value of its own. Our paper currency was developed in the 1600's A.D. from an English custom. At that time, people stored their gold and other valuables with a goldsmith; the goldsmith gave them a written receipt. This receipt represented the value of the items stored with the goldsmith and was accpetable to other people as payment for goods or services. Whoever had the receipt in their possession could take it to the goldsmith and exchange it for the valuables.

The value of today's American dollar is purely symbolic. It can no longer be exchanged for an exact amount of gold or silver. The value of today's dollar floats up and down with the growth or decline of the American economy.

Meaning Of Money


Look! There is a fly in my soup, egg on my fork, and you gave me milk instead of tea!
So, go someplace else if you don't like the service here.
Oh yeah! I'll buy this restaurant and fire all of you.

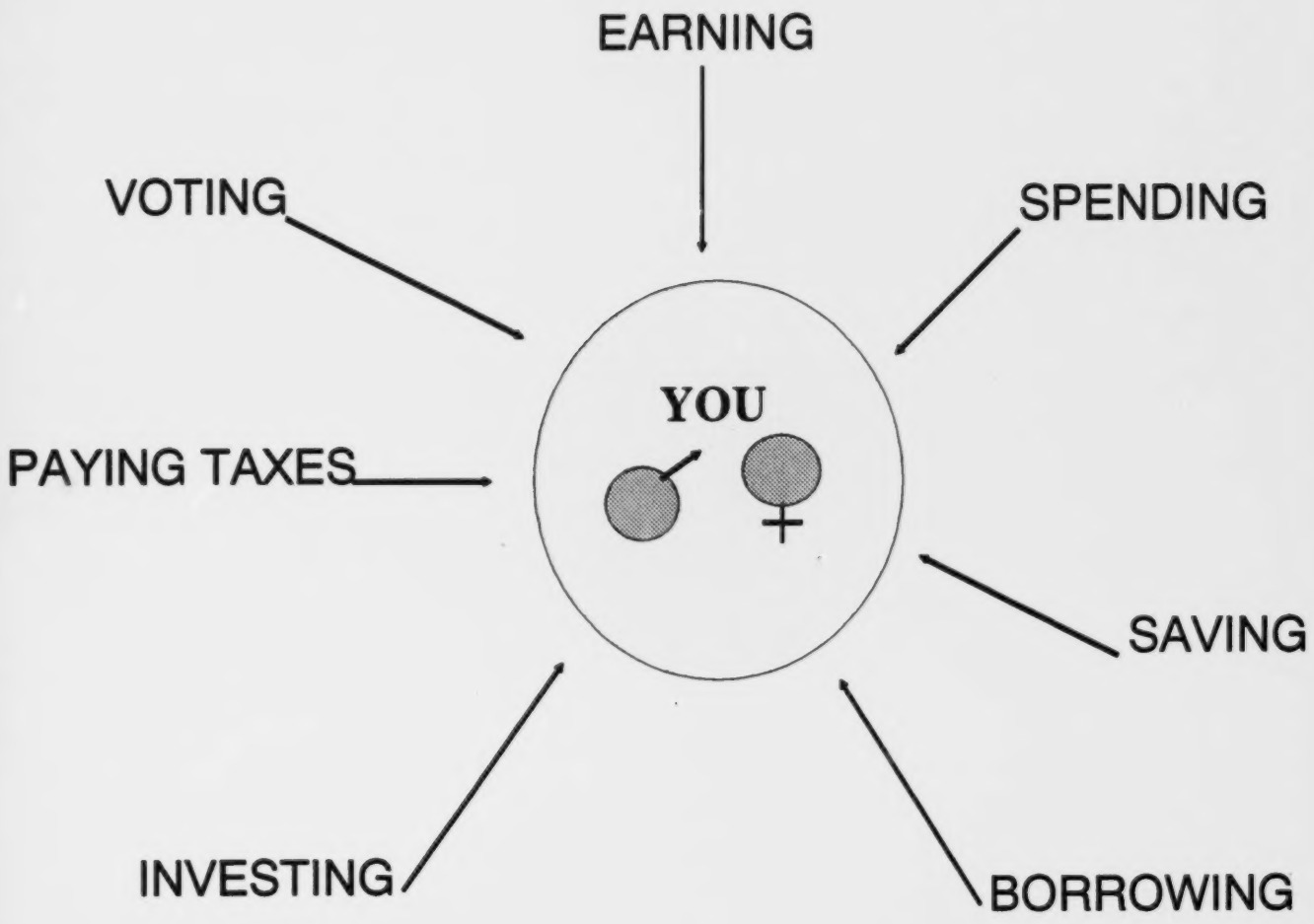
Sense of Power

Meaning Of Money
(Continued)

Security

Meaning Of Money
(Continued)

Pleasure



ROLE OF THE INDIVIDUAL IN THE ECONOMY

EARNING MONEY
UNIT I

INFORMATION SHEET

I. Terms and definitions

A. Salary — A set amount of pay agreed on for a period of time longer than one hour or a day—usually one week, two weeks, one month, or one year

B. Hourly wage — A set amount of pay agreed on for each hour you work

C. Entrepreneur — One who organizes, manages, and assumes the risks of a business or enterprise

D. Commission — A fee paid to a salesperson or agent based on a percentage of the value of the item or service sold

E. Interest — Charge for borrowing money—generally a percentage of the amount borrowed

F. Investor — A person who commits money in order to earn a financial return

EXAMPLES: Someone who buys stock in a company; someone who helps finance a new business; someone who helps finance a race horse

G. Tip — A small sum of money given as an acknowledgement of services rendered

II. Meaning of money

A. Power — Achieve control over others through money

B. Security — Save for future needs

C. Pleasure — The attitude that money is for spending

III. Ways people earn money

A. Salary

EXAMPLES: Most full-time office workers, teachers, and nurses; dental assistants, professors, managers, supervisors

B. Hourly wage

EXAMPLES: Part-time office workers and nurses; grocery store checkers and sackers; construction work helpers

INFORMATION SHEET

C. Tips

EXAMPLES: Waiters and waitresses, cosmetologists, bell hops, taxi drivers

D. Self-employed/entrepreneur

EXAMPLES: Doctors, dentists, business owners, lawyers, farmers

E. Commission

EXAMPLES: Car salespersons; realty salespersons; door-to-door vacuum cleaner, encyclopedia, or cosmetic salespersons

F. Public assistance

EXAMPLES: People on welfare; elderly people on Social Security; unemployment compensation for workers who have lost their jobs

G. Retirement income

EXAMPLES: People who have worked for a company long enough to qualify for a retirement plan and have reached retirement age

H. Income for investments

EXAMPLES: Most people earn some interest on bank accounts; investors earn money (or hope to) from stocks or bonds

IV. Roles of the individual in the economy

A. Wage earner — Earning power depends on job skills, experience, and education. Your personal standard of living, based on your earning power, raises or lowers the national standard of living.

B. Consumer — When you buy a product, you help create a demand for that product.

C. Saver — Saving can include anything that increases your financial welfare. Besides bank accounts, retirement fund contributions and the face value of your life insurance policy can also be considered savings.

D. Borrower — Taking out a cash loan is borrowing. Credit card purchasing and installment plan buying are also forms of borrowing.

E. Investor — People invest money in such things as real estate, stocks, bonds, private business, coin or stamp collections, antiques, or precious metals in an effort to improve their financial condition.

INFORMATION SHEET

F. Taxpayer — The goverment spends your tax money on goods and services. The spending choices the government makes result in more demand for the goods and services it buys.

G. Voter — The officials we elect can influence the economic decisions and policies of the government.

V. Why people work

A. To purchase things they need and want

B. To gain a sense of identity and fulfillment

EARNING MONEY
UNIT I

ASSIGNMENT SHEET #1 — LIST WAYS YOU HAVE SPENT MONEY FOR SENSE OF POWER, SECURITY, AND PLEASURE

NAME _____ SCORE _____

1. Most people do not have enough money to buy a restaurant just to fire a rude waiter. However, there are times when people choose to use their money to increase their sense of power. A person might buy a pair of name-brand blue-jeans in order to look as good as someone else. Or he or she might buy a boat/car/bicycle in order to go faster and look better than someone else. It might increase your sense of power to be able to hire someone to do your laundry or clean your house.

   Think of a way you have used money to increase your sense of power.

   _____

   _____

2. People also use money to increase their sense of security. Examples of this include saving money in bank accounts, making safe investments (such as buying stock in secure companies), purchasing a house or a practical car, or purchasing insurance.

   Think of three ways you have used money to increase your sense of security.

   _____

   _____

   _____

3. Most people use money to increase their sense of pleasure at times. Pleasure items can include everything from a yacht or a Caribbean cruise to a favorite candy bar or an unneeded pair of shoes.

   List three pleasure items you have purchased recently.

   _____

   _____

   _____

ASSIGNMENT SHEET #1

4. If you won $5000.00 in a state lottery, what would you do with the money.?

_____

_____

_____

_____

_____

_____

_____

_____

EARNING MONEY
UNIT I

ASSIGNMENT SHEET #2 — EXAMINE THOUGHTS ABOUT MONEY

NAME _____

The following questions do not have right or wrong answers. If you give each question honest consideration, you will gain insight into how you think about money.

The following is a list of items that relate to money. Evaluate each one as *important, unimportant,* or *not sure*, and circle the letter in the appropriate column.

		IMPORTANT	NOT SURE	UNIMPORTANT
1.	Putting money aside for a rainy day	I	N	U
2.	Traveling on my vacation	I	N	U
3.	Purchasing diamond earrings	I	N	U
4.	Having health insurance	I	N	U
5.	Being able to contribute to charities	I	N	U
6.	Being judged by others based on my job	I	N	U
7.	Knowing that public assistance (welfare) is available if I need it	I	N	U
8.	Having car insurance	I	N	U
9.	Owning a business so that I can be the boss	I	N	U
10.	Knowing that I will always have a roof over my head and enough to eat	I	N	U
11.	Sending my children through college	I	N	U
12.	Owning a flashy car	I	N	U

EARNING MONEY
UNIT I

ASSIGNMENT SHEET #3 — REVIEW VOCABULARY RELATED TO EARNING MONEY

NAME _____ SCORE _____

Fill in the blanks in the sentences below using words from the following vocabulary list.

borrowing	need	salary
commission	pleasure	self-employed
hourly wage	power	taxes
interest	retirement income	vote
investor	security	want
tip		

1. Someone who buys stock in a company is called a/an _____.
2. _____ is a set amount of pay agreed on for each hour you work.
3. When you have worked for a company a long time and you reach a certain age (perhaps 62, 65, or 70), you may stop working and receive _____.
4. If you borrow money from a bank, you will have to pay back the money you borrow plus _____.
5. The goverment spends your _____ on goods and services.
6. People work to earn things they _____ and _____.
7. Money paid to a car salesperson based on a percentage of the car's value is called _____.
8. When we _____, we influence financial policies made by the government.
9. If I go into business for myself, I am _____.
10. If I save money for 20 years and then buy a small house with a fireplace and a garden plot, I have used my money to increase my sense of _____.
11. If I spend my money on a spring trip to Mazatlan, I have used my money to increase my sense of _____.

ASSIGNMENT SHEET #3

12. If I use my money to buy up all the stock in a printing company so that I can run things the way I want to, I have used my money to increase my sense of _____.

13. A set amount of pay received each month is called a _____.

14. The money you leave on the table for the waitress, over and above the cost of the food, is called a _____.

15. Credit card purchasing and installment plan buying are forms of _____.

EARNING MONEY
UNIT I

ANSWERS TO ASSIGNMENT SHEETS

Assignment Sheet #1 — Completed to the satisfaction of the instructor

Assignment Sheet #2 — Completed to the satisfaction of the instructor

Assignment Sheet #3

1. investor
2. hourly wage
3. retirement income
4. interest
5. taxes
6. need, want
7. commission
8. vote
9. self-employed
10. security
11. pleasure
12. power
13. salary
14. tip
15. borrowing

EARNING MONEY
UNIT I

TEST

NAME _____ SCORE _____

1. Match terms associated with earning money to their correct definitions. Write the correct numbers in blanks.

_____a. A set amount of pay agreed on for each hour you work

_____b. Charge for borrowing money—generally a percentage of the amount borrowed

_____c. A fee paid to a salesperson or agent based on a percentage of the value of the item or service sold

_____d. One who organizes, manages, and assumes the risks of a business or enterprise

_____e. A set amount of pay agreed on for a period of time longer than an hour or a day—usually one week, two weeks, one month, or one year

_____f. A person who commits money in order to earn a financial return

_____g. A small sum of money given as an acknowledgement of services rendered

1. Entrepreneur
2. Investor
3. Salary
4. Hourly wage
5. Interest
6. Commission
7. Tip

2. List the meaning of money.

a. _____

b. _____

c. _____

TEST

3. Match the ways people earn money with examples of workers. Write the correct numbers in the blanks.

_____a. Most full-time office workers, teachers, and nurses; dental assistants, professors, managers, supervisors

_____b. Part-time office workers and nurses; grocery store checkers and sackers; some construction work helpers

_____c. Waiters and waitresses; cosmetologists, bell hops, taxi drivers

_____d. Doctors, dentists, business owners, lawyers, farmers

_____e. Car salesperson; realty salespersons; door-to-door vacuum cleaner, encyclopedia, or cosmetic salespersons

_____f. People on welfare; elderly people on Social Security; unemployment compensation for workers who have lost their jobs

_____g. People who have worked for a company long enough to qualify for a pension plan and have reached a certain age

_____h. Most people earn some interest on bank accounts; investors earn money (or hope to) from stocks and bonds

1. Commission
2. Self-employed/ entrepreneur
3. Salary
4. Income from investments
5. Tips
6. Hourly wage
7. Public assistance
8. Retirement income

4. Discuss three roles of the individual in the economy.

a. _____

b. _____

c. _____

5. List two reasons why people work.

a. _____

b. _____

TEST

(NOTE: Test questions 6, 7, and 8 list the assignment sheets. They are an important part of this test. If they have not been completed, check with your instructor.)

6. List ways you have spent money.

7. Examine thoughts about money.

8. Review vocabulary related to earning money.

EARNING MONEY
UNIT I

ANSWERS TO TEST

1. a. 4
   b. 5
   c. 6
   d. 1
   e. 3
   f. 2
   g. 7

2. a. Power
   b. Security
   c. Pleasure

3. a. 3
   b. 6
   c. 5
   d. 2
   e. 1
   f. 7
   g. 8
   h. 4

4. Any three of the following

Wage Earner	Investor
Consumer	Taxpayer
Saver	Voter
Borrower	

5. a. To purchase things they need and want
   b. To gain a sense of identity and fulfillment

6. Evaluated to the satisfaction of the instructor

7. Evaluated to the satisfaction of the instructor

8. Evaluated to the satisfaction of the instructor

MANAGING MONEY
UNIT II

UNIT OBJECTIVE

After completing this unit, the student should be able to name similarities and differences in family needs, values, and ways of earning and spending money and also be able to prepare a family budget. This knowledge will be evidenced by completing assignment sheets and by scoring 85 percent on the unit test.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with budgeting to their correct definitions.
2. List six fixed expenses and six variable expenses to consider in managing money.
3. Explain why a budget is necessary.
4. List guidelines for preparing a budget.
5. Participate in a buzz session on making and spending family income.
6. Play a spending game.
7. Practice budgeting the family income.
8. Analyze case studies.
9. Prepare a budget.

MANAGING MONEY
UNIT II

SUGGESTED ACTIVITIES

I. Unit contents

A. Objective sheet

B. Suggested activities

C. Supplements

1. Supplement #1 — Bulletin Board Idea

3. Supplement #2 — Pretest

D. TM #1 — Where Money Goes

E. Information sheet

F. Assignment sheets

1. Assignment Sheet #1 — Participate in a Buzz Sessionon Making and Spending Family Incomes

2. Assignment Sheet #2 — Play a Spending Game

3. Assignment Sheet #3 — Practice Budgeting the Family Income

4. Assignment Sheet #4 — Analyze Case Studies

5. Assignment Sheet #5 — Prepare a Budget

G. Answers to assignment sheets

H. Test

I. Answers to test

II. Instructor's guide

A. Order (or obtain) materials to supplement unit

B. Provide students with copies of unit.

C. Discuss unit and specific objectives.

- Introduce unit by having students make a list of all the items they spend money on. They might begin by listing the money they typically spend in a week and then add monthly expenditures.

SUGGESTED ACTIVITIES

- Have students make a list of items they think should be included in a budget. After you have discussed the list in class, have the students save the list to compare with the information sheet later.

D. Discuss information and assignment sheets.

1. Review terms and definitions relevant to this unit using Information Sheet, Section I.

   - Have the students complete the pretest.

   - Discuss the answers in class.

2. Discuss the fixed and variable expenses related to managing money; use Information Sheet, Section II.

   - Have students compare the list in the information sheet to the lists they made earlier. Discuss the items they left out of their original lists.

   - Have the students make a list of the items they need to include in their individual budgets.

   - Have students complete Assignment Sheet #2.

   - Have the reported from each group give an oral summary of the group's discussion.

3. Explain why a budget is necessary using Information Sheet, Section III.

   - Have a financial advisor from a local business or bank come in and talk to the class about money management and financial planning.

   - Have students complete Assignment Sheet #2 and discuss in class.

4. Explain the guidelines for preparing a budget using Information Sheet, Section IV and TM #1.

   - Have students complete Assignment Sheet #3 and discuss in class.

   - Have students complete Assignment Sheet #4 and discuss in class.

   - Have students complete Assignment Sheet #5. Encourage them to use the list of expenditures they made earlier.

SUGGESTED ACTIVITIES

F. Give test.

G. Critique test and discuss in class.

H. Reteach and retest as necessary.

III. Unit references

A. Kates, Donna. *Consumer Education*. Stillwater, OK: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1983.

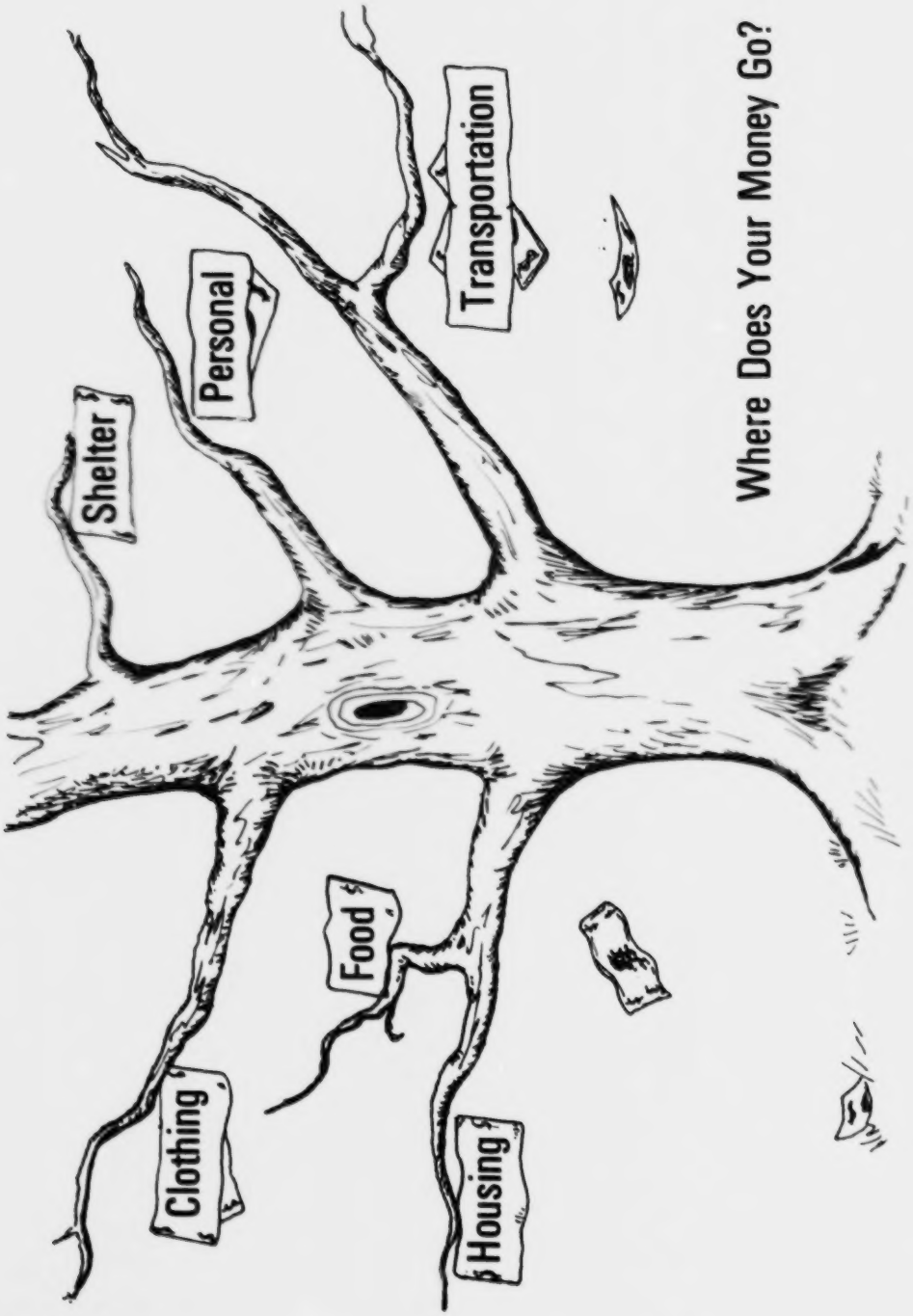
B. Nelson, Frank. *Group Instruction for Cooperative Programs*. Stillwater, OK: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

C. Sawatzky. Joyce. *Family Living*. Stillwater, OK: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

D. Spann, Margaret. *Social Studies*. Stillwater, OK: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1972.

MANAGING MONEY
UNIT II

SUPPLEMENT #1 — BULLETIN BOARD IDEA



MANAGING MONEY
UNIT II

SUPPLEMENT #2 — PRETEST

1. Source of money

   Do you have a regular job or source of income other than an allowance?

   _____yes _____no

   Is your job your only source of income? _____yes _____no

   If you have a job, do you contribute to family expenses? _____ _____no

   If you are married, is your spouse employed? _____yes _____no

2. Spending money—If you have a regular income, check the items that your income is expected to cover.

   _____Spending money and recreation
   _____School expenses
   _____Food
   _____Transportation
   _____Clothing
   _____Cosmetics
   _____Hair styling expense
   _____Regular savings
   _____All expenses

3. Money needs—List the items you feel you need money for in the order of their importance to you.

   a. _____ d. _____

   b. _____ e. _____

   c. _____ f. _____

4. Buying practices—Fill in the following checklist in relation to your buying habits.

	Rarely	Sometimes	Most of the time
Do you plan before you shop?			
Do you plan to buy something that will be suitable to wear with what you already have?			

SUPPLEMENT #2

	Rarely	Sometimes	Most of the time
Do you decide on a maximum amount to be spent before shopping?			
Do you compare values from store to store?			
Do you read information on labels?			
Do you check the quality of the material?			
Do you look to see how well garments are made?			
Do you handle merchandise only when necessary?			

5. Influences of selection—Fill in the following checklist in relation to what influences your selection.

	Rarely	Sometimes	Most of the time
Labels on products			
Special sales			
Brand names used in national advertising			
Quality			
Construction			
Need			
Cost			

SUPPLEMENT #2

	Rarely	Sometimes	Most of the time
Care required			
Popularity or fads			
Desire to be different			
Desire to be like the crowd			
Friend's opinion			
Parent's opinion			
Length of use intended			

6. Responsibility for buying—In buying the following items, fill out the checklist to indicate the degree of responsibility you take for buying.

	Select Alone	Select with Friend	Someone else Selects
Sweaters			
Blouses or shirts			
Skirts or slacks			
Dresses or suits			
Coats			

SUPPLEMENT #2

	Rarely	Sometimes	Most of the time
Accessories			
Material for sewing			
Underclothing			
Hosiery and socks			
Shoes			
Cosmetics			
Sporting events			
Sporting equipment			
Movies			
Books			
Magazines			
Other types of recreactions			

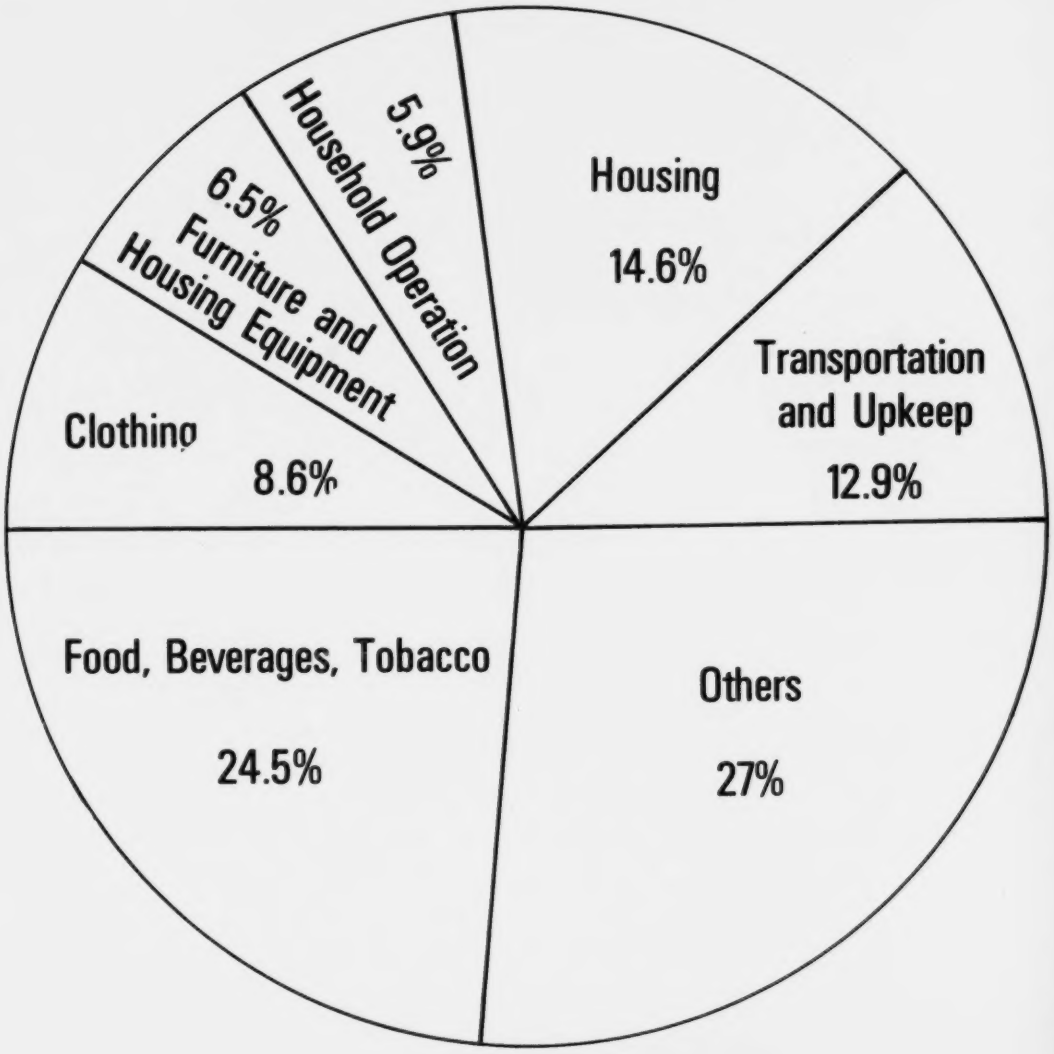
Do you take responsibility of shopping for food for the family?

_____rarely _____sometimes _____most of the time

Do you spend money for special training, such as music, speech, art, or dancing?

_____yes _____no

Where Money Goes



MANAGING MONEY
UNIT II

INFORMATION SHEET

I. Terms and definitions

A. Money management — Systematic method of planning for spending based on expected income

B. Goal — Object or objective that a person is willing to work toward achieving

C. Budget — Plan for the use of money based on goals and expected income and expenditures

D. Income — Money received by an individual over a given period of time

EXAMPLES: Wages or salary, allowance, gifts

E. Lifestyle — Person's or family's preferred approach to living as reflected in values, goals, possessions, activities, and interpersonal relationships

F. Advertising — Sales message of a paying sponsor encouraging a person to buy a certain product or service

G. Retirement — Withdrawal from business activity, usually as a result of age or of fulfilling a specified number of years working for a company or organization

H. Investment — Something on which a return or profit is expected

I. Impulse buying — Unplanned consumer purchasing

J. Stockholder — Person who owns shares in a corporation

K. Shareholder — Person who has money deposited in credit union or savings and loan association

L. Dividend — Share of profit paid to stockholders or shareholders in proportion to their share of ownership

M. Interest — Price paid for the use of money over a period of time

(NOTE: Interest may also be money paid by a bank to a depositor for the use of the depositor's money.)

N. Expenditure — Money spent for items, or money set aside for future needs

O. Service charge — Fee added to the price of goods or services connected with a sale

P. Consumer — A buyer of goods or services

Q. Goods — Items purchased by the consumer

R. Need — A lack of something that, if allowed to continue, will result in harm to the person

S. Service — Item which is non-material such as police protection

T. Value — Something a person believes is of importance

II. Examples to consider in managing your money

A. Fixed expenses

(NOTE: A *fixed expense* is a set amount of money due on a set date. As a rule, fixed expenses must be paid when due.)

1. Rent or mortgage payments

(NOTE: Include property tax and insurance if these are a part of your house payment. Your rent or house payments plus utilities should not exceed 25% of your income.)

2. Other real estate payments

EXAMPLES: Second mortgage, home improvement loan, vacation home, storage rental, pasture for horses, homeowner association fees

3. Income and property taxes not taken directly out of paycheck

EXAMPLES: Federal and state taxes, past taxes, property taxes not include in house payments

4. Other taxes

EXAMPLES: Gift or estate taxes

5. Installment contract payments

EXAMPLES: Payments on cars, boats, camping trailers, furniture, appliances

(NOTE: Caution should be taken not to get more than ten to twenty percent of your income obligated to installment payments and charge accounts.)

6. Personal property lease payments

EXAMPLES: Lease payments on car and/or furniture

INFORMATION SHEET

7. Insurance not taken directly out of paycheck or not included in house payment

   EXAMPLES: Real property (fire, theft, liability), personal property (homeowner's, renter's, auto), life, health

8. Regular payments to others

   EXAMPLES: Alimony, child support

9. Regular contributions

   EXAMPLES: Church, charities

10. Dues

    EXAMPLES: Union, club, professional organizations

11. Savings

    (NOTE: Five to ten percent of your income should be put into savings.)

B. Variable expenses

(NOTE: *Variable expenses* vary in amount and frequency and offer the best opportunities for adjustments in a money plan.)

1. Utilities

   EXAMPLES: Gas, electricity, telephone, water, garbage, sewage, cable TV

2. Charge accounts

   EXAMPLES: Department stores, oil and gas companies, major credit cards, mail order companies

3. Medical/dental bills not covered by insurance

   EXAMPLES: Prescriptions, office calls, eyeglasses

4. Transportation

   (NOTE: Car payments are a fixed expense; however, gas, oil, repairs, car tag, license, and servicing must be considered when making a budget. Approximately 15% of your budget will be spent related to transportation.)

5. Household maintenance/repair

   EXAMPLES: Gardening, cleaning supplies, appliance and TV repairs, electrical repairs

6. Child care

   EXAMPLES: Babysitter, daycare

7. Food

   (NOTE: Don't forget to include all the nonfood items in the supermarket bill. A rule of thumb is that your food bill should not be more than 20% of your income.)

8. Personal maintenance

   EXAMPLES: Clothing purchases, laundry, barber and beauty salon, grooming and health products

9. Self-improvement/education

   EXAMPLES: Books, magazines, newspapers, seminars, music lessons, tuition, room and board away from home

10. Recreation/entertainment

    EXAMPLES: Movies, sports, restaurants, vacations, parties, record albums, photograph

    (NOTE: Recreation and entertainment are very important and should be included in a budget.)

11. Other expenses

    EXAMPLES: Gifts, traffic tickets, Christmas decorations and presents, stamps

III. Reasons to budget

A. Aids in establishing goals and priorities

   (NOTE: Planning a budget helps people to focus on the items they must have, the items they would like to have, and the items or goals that they can do without.)

B. Helps in the attainment of long-range goals

C. Reduces wasteful spending

   (NOTE: People may not realize that they are spending too much on nonessential items until they add up the figures.)

INFORMATION SHEET

D. Provides useful financial records

(NOTE: In order to keep a budget, a person must record, in an organized way, where, when, and how money is spent. These records can be useful in many situations, but especially when filing income tax returns.)

E. Provides opportunity for regular financial checkups

IV. Guidelines for preparing a budget

A. Determine goals

B. Estimate income

C. Estimate expenditures

D. Earmark money available for expenses

E. Make expenditures according to budget

F. Compare actual and estimated expenses

G. Evaluate budget and revise as needed

MANAGING MONEY
UNIT II

ASSIGNMENT SHEET #1 — PARTICIPATE IN A BUZZ SESSION
ON MAKING AND SPENDING FAMILY INCOME

NAME _____ SCORE _____

Divide into groups and choose a reporter for each group. Discuss and solve the following problems.

- List the different types of income that a family might have.

- Decide on an overall average income for families in the community.

ASSIGNMENT SHEET #1

- List the ways families spend their income.

MANAGING MONEY
UNIT II

ASSIGNMENT SHEET #2 — PLAY A SPENDING GAME

NAME _____ SCORE _____

1. Pretend that you have $1000.00 to spend any way you choose. How would you spend your money?

_____

_____

_____

_____

_____

2. Relate the spending of your money to your values, goals, and needs.

_____

_____

_____

_____

_____

MANAGING MONEY
UNIT II

ASSIGNMENT SHEET #3 -- PRACTICE BUDGETING THE FAMILY INCOME

NAME _____ SCORE _____

Prepare a budget using $1400.00 as the monthly income and using the percentages given in Supplement #2.

MANAGING MONEY
UNIT II

ASSIGNMENT SHEET #4 — ANALYZE CASE STUDIES

NAME _____ SCORE _____

Read the following cases, and answer the questions that follow.

Case #1: Jana takes home $1356 per month. She spends $300 per month for rent, $160 per month on gas and car upkeep, $325 per month on food and beverages, $100 per month on clothing, $85 per month on furniture payments, and $80 per month on household operation. She also deposits $150 into her savings account. For the past three months, Jana has been having to spend about $130 per month in car repairs; her mechanic estimates another $1000 of work over the next few months.

Can Jana afford a new car with payments of $245 per month with her current budget?

Will she need to make any adjustments in her current budget?

What changes would you recommend?

Case #2: Wayne has been saving money to buy a boat for fishing, skiing, and general recreation. He has saved $4000 dollars so far. He picked out a boat that has a total price of $12,500 including finance charges. His payments would be $178 per month for the next four years.

Monthly salary: $1800.00
Mortgage: $325
Car and transportation: $235
Food, etc.: $440
Household operation: $130
Furniture and housing equipment: $120
Clothing: $160
Savings: $150

Can Wayne afford the boat payment and stay within his budget is listed above?

If you were Wayne would you buy the boat? _____ Why or why not?

MANAGING MONEY
UNIT II

ASSIGNMENT SHEET #5 — PREPARE A BUDGET

NAME _____ SCORE _____

1. Using the budget you prepared for Assignment Sheet #3 as a guide, make a monthly budget based on your monthly income. (If your spouse works, you may include the income he or she contributes.) Be sure to include all fixed and variable expenses.

2. Begin to use your budget. In a diary, keep a record of the money you actually spent for budgeted items. Record the difference between how much you budgeted and how much you actually spent. At the end of the month, revise your budget as necessary. Make an oral report to the class on how well your budget worked.

MANAGING MONEY
UNIT II

ANSWERS TO ASSIGNMENT SHEETS

Assignment Sheet #1 — Completed to the satisfaction of the instructor

Assignment Sheet #2 — Completed to the satisfaction of the instructor

Assignment Sheet #3 — Listed below are the maximum amounts based on the percentages given in the supplement. Students' budgets might vary a little and still be useful budgets.

Housing — $204.40
Transportation and upkeep — $180.60
Food and beverages — $343.00
Clothing — $120.40
Furniture and housing equipment — $91.00
Household operation — $82.60
Other — $378.00

Assignment Sheet #4

1. No, she would have no money left for "other" expenses. She needs to adjust her budget by reducing her savings deposit to $75 per month, and she needs to try to economize her food and beverage expense.

   (NOTE: Other alternatives are possible.)

2. No, Wayne cannot afford the boat within his current budget because he would have less than $30 per month for "other" expenses.

   Answers to the second question may vary and should generate a good class discussion on budgeting and goals and needs. Have students explain their answers.

Assignment Sheet #5 — Completed to the satisfaction of the instructor

MANAGING MONEY
UNIT II

TEST

NAME _____ SCORE _____

1. Match the following terms to their correct definitions. (Definitions are continued on the following page.)

_____a. Withdrawal from business activity, usually as a result of age or of fulfilling a specified number of years working for a company or organization

_____b. Object or objective that a person is willing to work toward achieving

_____c. Something on which a return or profit is expected

_____d. Price paid for use of money over a period of time

_____e. Money spent for items, or money set aside for future needs

_____f. Person who owns shares in a corporation

_____g. Unplanned consumer purchasing

_____h. Systemic method of planning for spending based on expected income

_____i. Sales message of a paying sponsor encouraging a person to buy a certain product or service

_____j. Share of profit paid to shareholders or stockholders in proportion to their share of ownership

_____k. Plan for the use of money based on goals and expected income and expenditures

_____l. Person's or family's preferred approach to living as reflected in values, goals, possessions, etc.

_____m. Person who has money deposited in credit union or savings and loan association

_____n. Money received by an individual over a given period of time

_____o. Fee added to the price of goods or services connected with a sale

1. Money management
2. Goal
3. Budget
4. Income
5. Lifestyle
6. Advertising
7. Retirement
8. Investment
9. Impulse buying
10. Stockholder
11. Shareholder
12. Dividend
13. Interest
14. Expenditure
15. Service charge
16. Consumer
17. Goods
18. Need
19. Service
20. Value

TEST

_____p. Buyer of goods or services

_____q. Something a person believes is of importance

_____r. A lack of something that, if allowed to continue, will result in harm to the person

_____s. Items purchased by the consumer

_____t. Item which is non-material such as police protection

2. List six fixed expenses and six variable expenses to consider in managing money.

   a. Fixed expenses

      1) _____

      2) _____

      3) _____

      4) _____

      5) _____

      6) _____

   b. Variable expenses

      1) _____

      2) _____

      3) _____

      4) _____

      5) _____

      6) _____

3. Explain why a budget is necessary.

_____

_____

_____

_____

_____

_____

TEST

4. List four guidelines for preparing a budget.

   a. _____

   b. _____

   c. _____

   d. _____

(NOTE: Test questions 5, 6, 7, 8, and 9list the assignment sheets. They are an important part of this test. If they have not been completed, check with your instructor.)

5. Participate in a buzz session on making and spending family income.

6. Play a spending game.

7. Practice budgeting the family income.

8. Analyze case studies.

9. Prepare a budget.

MANAGING MONEY
UNIT II

ANSWERS TO TEST

1.

a. 7	f. 10	k. 3	p. 16
b. 2	g. 9	l. 5	q. 20
c. 8	h. 1	m. 11	r. 18
d. 13	i. 6	n. 4	s. 17
e. 14	j. 12	o. 15	t. 19

2. Any six of the following for each category

   a. Fixed expenses

      1) Rent or mortgage payments
      2) Other real estate payments
      3) Income and property taxes not taken directly out of paycheck
      4) Other taxes
      5) Installment contract payments
      6) Personal property lease payments
      7) Insurance not directly taken out of paycheck or not included in house payment
      8) Regular payments to others
      9) Regular contributions
      10) Dues
      11) Savings

   b. Variable expenses

      1) Utilities
      2) Charge accounts
      3) Medical/dental bills not covered by insurance
      4) Transportation
      5) Household maintenance/repair
      6) Child care
      7) Food
      8) Personal maintenance
      9) Self-improvement/education
      10) Recreation/entertainment
      11) Other expenses

3. Explanation should include:

   a. Aids in establishing goals and priorities
   b. Helps in attainment of long-range goals
   c. Reduces wasteful spending
   d. Provides useful financial records
   e. Provides opportunity for regular financial checkups

ANSWERS TO TEST

4. Any for of the following:

   a. Determine goals
   b. Estimate income
   c. Estimate expenditures
   d. Earmark money available for expenses
   e. Make expenditures according to budget
   f. Compare actual and estimated expenses
   g. Evaluate budget and revise as needed

5. Evaluated to the satisfaction of the instructor

6. Evaluated to the satisfaction of the instructor

7. Evaluated to the satisfaction of the instructor

8. Evaluated to the satisfaction of the instructor

9. Evaluated to the satisfaction of the instructor

SPENDING MONEY
UNIT III

UNIT OBJECTIVE

After completing this unit, the student will be able to make decisions about purchasing items for basic needs and personal wants. Students will also have a better understanding of how advertising influences their purchases and will be familiar with various types of shopping facilities. This knowledge will be evidenced by completing assignment sheets and unit test with a minimum score of 85 percent.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms related to consumer spending to their correct definitions.
2. Select from a list the factors that affect consumer spending.
3. Name questions to consider before deciding to buy.
4. Arrange in order steps in the decision-making process.
5. List guidelines for purchasing basic needs.
6. List guidelines for buying personal wants.
7. Name the advantages of advertising to the consumer.
8. List guides for selecting a quality product.
9. Name types of shopping facilities.
10. Evaluate the effects of advertising on money management.
11. Determine consumers' roles.
12. Determine personal values.
13. Use a pre-purchase checklist.
14. Consider consumer choices.
15. Survey consumer buying habits.
16. Distinguish between planned and impulse buying.
17. Evaluate advertising.

SPENDING MONEY
UNIT III

SUGGESTED ACTIVITIES

I. Unit contents

A. Objective sheet

B. Suggested activities

C. Supplement #1 — Types of Taxes

F. Information sheet

G. Assignment sheets

1. Assignment Sheet #1 — Evaluate Effects of Advertising on Money Management

2. Assignment Sheet #2 — Determine Consumers' Roles

3. Assignment Sheet #3 — Determine Personal Values

4. Assignment Sheet #4 — Use a Pre-Purchase Checklist

5. Assignment Sheet #5 — Consider Consumer Choices

6. Assignment Sheet #6 — Survey Consumer Buying Habits

7. Assignment Sheet #7 — Distinguish Between Planned and Impulse Buying

8. Assignment Sheet #8 — Evaluate Advertising

H. Answers to assignment sheets

I. Test

J. Answers to test

II. Instructor's guide

A. Obtain films to supplement unit.

1. *Very Basic Economics*, 18 minutes, color, 16mm or video, 1986.

An informative analysis of macroeconomics. This film portrays a young man holding two summer jobs to earn enough money to buy his first car. Travis learns about want, resources, scarcity, choice, opportunity, cost, supply and demand, specialization, division of labor, competition, price mechanism, and pay deductions.

Available from AIMS Media, 6901 Woodley Ave., Van Nuys, CA 91406-4878 or phone 1-800-367-2467. Order No. 9823.

2. *Managing Your Money*, 22 minutes, color, 16mm, 1979.

   An informative film that shows what happens when you spend money foolishly without planning and when you use credit cards without planning on how to pay for the credit purchases. The film portrays a young woman who has begun her first job and has begun earning money. At first she is easily influenced to spend her money and use her credit cards without considering the long-range effects, but she soon learns to manage her money wisely.

   Available from Audiovisual Center, Oklahoma State University, Stillwater, OK 74078 or phone (405) 624-7216. Order No. 06095.

B. Provide students with copies of unit.

C. Discuss unit and specific objectives.

- Have students think about how they usually make decisions about spending money. Ask if any students have a method by which they make decisions. If they do, have them share their methods with the class.
- Explain that the purpose of this unit is to help students learn how to more effectively plan how they spend their money.
- Divide students into small groups of three or four. Have them develop a plan for making decisions about major purchases. Their plan should include all the factors they should consider. Have them save these plans to revise after completing this unit.
- Have students discuss how they feel advertising affects them as consumers.

D. Discuss information and assignment sheets.

1. Review terms and definitions related to this unit by using Information Sheet, Section I.
   - Have students complete Assignment Sheet #1.
   - Go over answers in class.
2. Discuss the factors that influence consumer spending using Information Sheet, Section II.
   - Show film *Managing Your Money*.
   - Use Supplement #1 to discuss different types of taxes that may affect consumer spending.
   - In a class discussion, have students relate how each of these factors has influenced a purchase they have made.
   - Have students complete Assignment Sheet #2.

SUGGESTED ACTIVITIES

- Go over answers in class.
- Have students complete Assignment Sheet #3.
- Discuss their answers in class.

3. Discuss consumer questions to consider before deciding to buy; use Information Sheet, Section III.

   - Show film *Very Basic Economics*.
   - Have students complete Assignment Sheet #4.
   - Go over answers in class.

4. Explain the steps in the decision-making process using Information Sheet, Section IV.

   - Have students practice the process in a role-playing situation. Have the students divide into groups of three or four. Give each group a hypothetical situation that requires a decision about a major purchase (buying washing machine or dryer, buying a new television or stereo, etc.). Have them work together to decide what is the proper action to take.
   - Have each group give an oral report explaining what the problem was, what decision was made, and why.
   - Have students complete Assignment Sheet #5.
   - Go over answers in class.

5. Discuss the guidelines for purchasing basic needs using Information Sheet, Section V.

   - Have students prepare their week's grocery list.
   - Have students go to three stores (a grocery store, a convenience mart, and a discount grocery) and compare prices on five basic needs such as a gallon of milk, a loaf of bread, a pound of bacon, a five-pound bag of potatoes, and a quart jar of mayonnaise.
   - In class, have the students discuss the price differences they found at the different stores.
   - Have students compare the prices of different grades of meats to see how much cheaper a lower grade may be.
   - Have students compare three "house" brand prices to three comparable nationally advertised brands (try toilet paper, peanut butter, and fabric softener sheets for the dryer).
   - Have students compare prices of full-service and self-service gasoline at local gas stations.

SUGGESTED ACTIVITIES

- Have students compare prices of comparable articles of clothing at different types of stores such as a major department store and a discount store or outlet store.

- Have students complete Assignment Sheet #6.

- Go over answers in class.

6. Discuss guidelines for buying personal wants using Information Sheet, Section VI.

   - Have students visit local furniture and appliance stores to obtain prices on the furniture and appliances they would need to furnish a new apartment. Encourage students to shop for the best prices and the best credit terms, if needed. Have the students look for furnishings for a two bedroom apartment with a dining area and living area. Refrigerators, stoves, and air-conditioning are already furnished.

   - Have students give oral reports about what they found about furnishing an apartment. Have them explain what they would buy and what the total cost would be. Have them include any finance charges, delivery charges, etc. they would have to pay.

   - Have students complete Assignment Sheet #7.

   - Go over answers in class.

7. Explain the advantages of advertising to the consumer; use Information Sheet, Section VII.

   - Have students complete Assignment Sheet #8.

   - Go over answers in class.

8. Explain guides for selecting a quality product using Information Sheet, Section VIII.

   - Have students collect labels from different products and bring them to class. Discuss the types of information found on the different types of labels.

   - Have students bring to class warranties from different types of products. Discuss the types of express warranties and how students can obtain warranty work if a product breaks or is defective.

9. Discuss the different types of shopping facilities using Information Sheet, Section IX.

   - Invite a representative of a cooperative to visit class and explain how the cooperative works and what its advantages are.

   - Have students visit resale stores, flea markets, pawn shops, and garage/yard sales to learn what types of items are available.

SUGGESTED ACTIVITIES

E. Give test.

F. Critique test and discuss in class.

G. Reteach and retest as necessary.

III. Unit references

A. Kates, Donna. *Consumer Education*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1983.

B. Nelson, Frank. *Group Instruction of Cooperative Programs*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

C. Sawatzky, Joyce. *Family Living*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

D. Searls, Charlotte. *Consumer Education Curriculum Guide*. Phoenix, Arizona: Arizona Instructional Materials Service, 1980.

E. Spann, Margaret. *Social Studies*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1972.

SPENDING MONEY
UNIT III

SUPPLEMENT #1

Property taxes — levied on real property (house, land) or personal property (car, household furnishings)

(NOTE: Basically, a property tax can be imposed on any individually owned property that can be bought and sold. The property tax is based on value; often the assessed value is a percentage of the probable sale price.)

Income taxes — Charged according to individual's earnings

(NOTE: People with smaller incomes are expected to pay a relatively lower percentage of what they make. People with larger incomes are expected to pay a higher percentage.)

Sales or excise tax — Levied on purchases

(NOTE: Sales taxes charged on all purchases are classified as general sales taxes. Taxes on individual items, e.g. cigarettes, liquor, gasoline, telephone bill, are selective sales taxes and are called **excise taxes**.)

Gift taxes — Charged when one person gives another something of substantial value

(NOTE: This is a way of seeing that people do not give away a large part of their estate before their death without paying any taxes.)

Estate taxes — Charged on the money and other possessions that people leave to others when they die

SPENDING MONEY
UNIT III

INFORMATION SHEET

I. Terms and definitions

A. Impulse buying — Purchasing without considering need

B. Decision-making — Considering choices and deciding on the best one

C. Consumer activities — Spending, borrowing, saving, and investing

D. Goals — Aims toward which an individual works

E. Short-term goals — Aims that are set for the near future

F. Long-range goals — Aims that may not be reached for years

G. Wants — Desires, *not* necessities

H. Needs — Items one is unable to live without

EXAMPLES: Food, clothing, shelter

I. Resources — Ways to obtain needs and wants

(NOTE: Resources are limited while wants may seem unlimited.)

J. Alternatives — Any of two or more ideas from which a choice must be made

(NOTE: The more skills and knowledge one has, the more alternatives one has in decision-making.)

K. Contract — Legal agreement between two or more parties; enforceable by law

L. Fraud — Something that is said or done to deceive, trick, or cheat a consumer

M. Comparative buying — Securing information from several sources about quality, features, services, and cost of product before purchase

N. Rational appeal — Advertising that centers on logic by providing basic facts and information

O. Emotional appeal — Advertising that uses attitudes and excites people to buy impulsively

(NOTE: In many advertisements, rational and emotional appeals overlap.)

P. Swindle — Obtain money or property from consumers under false pretenses

INFORMATION SHEET

Q. Advertising — Presenting products and services favorably to consumers to promote sales

R. Brand — Manufacturer's name on product; promotes recognition and repeat sales

S. Standards — Rules for measure of quantity, weight, extent, value or quality

EXAMPLES: Pound, gram, foot, meter, gallon, liter, shirt and shoe sizes

T. Grades — Standards of quality

EXAMPLES: Grade A large eggs, grade A meats

U. Label — Provides information about a product

EXAMPLES: Brand name, nutritional information, ingredients, required government information

V. Warranty — Promise that an article will function correctly or be replaced or repaired

(NOTE: An *expressed warranty* is detailed in writing. An *implied warranty* is the expectation that articles must meet safety and other requirements regardless of any expressed warranty.)

II. Factors that affect consumer spending

A. Family situation

EXAMPLES: Income, family size, life cycle stage, life-style

B. Values

C. Basic needs and wants

D. Peer influence

(NOTE: Sometimes people buy items they cannot afford because they want to impress or please others or because of peer pressure.)

E. Prices

F. Changing social patterns

EXAMPLES: More leisure time; national trend for eating out and for convenience foods; more women in the labor force

G. Fashion

(NOTE: Fashion probably influences consumer choices more than anything else except income. Fashion applies to many things such as music, dancing, and leisure-time activities, as well as clothing.)

INFORMATION SHEET

H. Mood

I. Credit

J. Advertising

K. State of the economy

L. Attitudes about the future

M. Availability of goods and services

III. Questions to consider before deciding to buy

(NOTE: Answering such questions tends to limit impulse buying, one of the main reasons for wrecked spending plans or budgets.)

A. Do I really need it? If so, why?

B. Is it worth the cost in terms of my effort to earn the money?

C. Is there a better use for the money?

D. Am I buying it imitate others? To show off? To make someone envious? To make myself feel important?

E. If I must buy on credit, is it worth the extra money spent on interest payments?

IV. Decision-making steps

(NOTE: Buying is always a matter of making decisions. Choices must be made between wants and needs, between one product and another of the same kind, between two entirely different kinds of products, or between spending your money now or saving it.)

A. State or define the problem; know what decisions must be made

B. Relate problem to personal goals and values

C. Get the facts

EXAMPLES: Advertisements, labels, warranties

D. Consider resources

EXAMPLES: Types of products, shopping facilities, sources of consumer protection

E. Consider alternatives

(NOTE: Be sure to consider possible consequences of each alternative.)

F. Make a decision

INFORMATION SHEET

G. Act on the decision

H. Evaluate the results

V. Guidelines for purchasing basic needs

(NOTE: Many of the guidelines apply to more than one kind of purchase, but each guideline is listed once under an appropriate category.)

A. Purchasing food

1. Plan your shopping around weekly and seasonal specials

(NOTE: Grocery specials usually appear in Wednesday evening newspapers. Plan your shopping list well. Fewer trips to the grocery store mean fewer opportunities for impulse buying.)

2. Check unit pricing

EXAMPLE: Compare prices per ounce or gram

3. Consider buying in larger quantities

EXAMPLE: If a nonperishable product that you use frequently is on sale, it may pay to stock up on this item.

4. Compare cost and time factors of convenience foods and disposable products to making dishes from "scratch" and purchasing reusable items

(NOTE: Reusable and returnable items also help keep the environment clean.)

EXAMPLES: Disposable diapers and paper towels are more expensive than cloth diapers and towels.

Frozen dinners are relatively more expensive than homemade dinners.

Chicken that is cut up by the butcher may be more expensive than purchasing a whole chicken and cutting it up yourself.

Premeasured packets of chocolate mix are more expensive than buying the same ingredients and mixing it yourself.

5. Learn what grades of food mean

(NOTE: The only difference in grades may be appearance. Lower grades may be just as nutritious and may cost less.)

6. Compare nationally advertised brands to "house" brands

(NOTE: Many companies have less expensive brands of equal quality under their own name.)

INFORMATION SHEET

7. Watch for coupons in newspapers, magazines, and in the mail

   (NOTE: Avoid buying items you don't need just because you have coupons.)

8. Purchase foods in season

   EXAMPLE: Tomatoes are less expensive in the summer.

9. Read labels

   (NOTE: Ingredients that are in the larger quantities or weights will be listed first.)

   EXAMPLE: Check to see how much cereal you actually get in a box and how much of the ingredients are additives.

10. Make your own convenience foods

    EXAMPLES: Make mixes by placing dry ingredients in sealed bags for later use.

    Make frozen dinners from leftovers.

    Make baby foods in blender.

11. Buy larger sized eggs only if they are not priced more than $0.07 above the next smaller sized eggs

12. Use tenderizing processes and methods of cooking to take advantage of less expensive cuts of meats

    EXAMPLE: Buy round steak instead of sirloin.

13. Make a shopping list, and stick to it to avoid impulse buying

14. Do not shop when hungry

B. Saving money on transportation

1. Use self-service gasoline pumps

   (NOTE: If you use self-service, be sure to check your battery and oil frequently. Poor maintenance can be more costly in the long run.)

2. Practice good driving habits

   EXAMPLES: Avoid sudden stops and starts

   Drive at slower speeds

3. Form a carpool

INFORMATION SHEET

4. When buying a car, choose a more economical model

   (NOTE: It costs less to operate a car on regular gasoline than on premium gasoline. Thus, the kind of gasoline may be a factor in selecting a car. However, be sure to balance safety factors against economy. It may be worth more to have additional safety features.)

5. Walk when possible

6. Lock the car to prevent theft

7. Check the car regularly before minor repairs become major repairs

   (NOTE: Have regular tune-ups.)

C. Purchasing clothing

1. Match quality with use

   (NOTE: Lower price does not necessarily mean a product is more economical. Cleaning cost and durability must be considered. Spend the most for basic items that will be worn the most. Make sure seams are secure and that fabric patterns match. Check for shrinkage and color fastness.)

2. Shop discount and outlet stores for name brands

3. Coordinate clothes

   (NOTE: Match new purchases with clothes already owned. Stick to a few basic color schemes appropriate for your hair and complexion.)

4. Avoid fads

   (NOTE: If an item is carried by several large companies, such as Dillards and Miller and Rhodes, it will probably be fashionable for several seasons.)

5. Get a good fit

   (NOTE: A good fit obviously helps appearance, but it also increases durability of material.)

6. Watch for sales; buy out of season

7. Try clothes on before buying them

   (NOTE: Sizes vary from manufacturer to manufacturer.)

8. Check on return policies

   (NOTE: Many sale items are not returnable.)

INFORMATION SHEET

VI. Guidelines for buying personal wants

A. Purchasing furniture and small appliances

1. Bring paint, fabric samples, and measurements when shopping

2. Consider multipurpose furniture

   EXAMPLES: Sofa beds, sit-on storage chests

3. Watch classified ads for bargains on used furniture

   EXAMPLE: People who are moving often sell nice things at low cost.

4. Consider unfinished furniture you can finish yourself

5. Choose less expensive items if you plan to move soon

6. Watch for sales on new furniture

   EXAMPLES: Many furniture sales are held in June, carpet sales in May, and bedding and mattress sales in February.

7. Buy small appliances only if you will use them at least four times a year

   (NOTE: Borrowing or renting may be less expensive.)

8. Save sales slips, labels, and warranties

B. Buying recreational and special occasion clothing

1. Determine how much you can afford to spend for the item you want

2. Shop around to compare prices and quality

3. Determine how long the item will last and approximately how many times you will wear it

   EXAMPLE: You may have a swimming pool or beach nearby and use a swimsuit two or three times a week. You may only use a fancy party dress three or four times a year. The dress will be usable for a longer period of time than the swimsuit because it gets less wear. You may wish to invest in a quality swimsuit to avoid having to buy another too soon.

4. Be sure the item fits well and is designed for the intended use

   EXAMPLE: Shoes for running do not work well for aerobics, nor do walking shoes work well for tennis.

INFORMATION SHEET

VII. Advantages of advertising to the consumer

A. May provide educational value

B. Provides product information

C. Explains the economic benefits of the goods or services

VIII. Guides for selecting a quality product

A. Meets advertising claims

B. Meets accepted standards for type of product

C. Carries label furnishing needed information

EXAMPLE: Washing instructions

D. Carries a warranty

E. Made by reputable manufacturer

IX. Shopping facilities

A. Retail stores

EXAMPLES: Department, specialty, variety, and discount stores

B. Nonstore retailers

EXAMPLES: Direct door-to-door, mail order, vending machines

C. Cooperatives

(NOTE: A cooperative is formed by a group for the purpose of buying merchandise jointly at reduced prices.)

D. Rent-to-own stores

(NOTE: A rent-to-own store leases merchandise on a contract. You can simply rent the items or you can apply rental toward purchase.)

E. Resale stores

(NOTE: Resale stores specialize in selling used goods.)

F. Wholesale warehouses

(NOTE: A wholesale warehouse sells goods at greatly reduced prices. You buy goods in quantities to get these prices, and you usually have to be a member.)

INFORMATION SHEET

G. Malls

(NOTE: A mall contains a variety of stores and may vary in size. It is usually enclosed and has a controlled environment.)

H. Flea markets

(NOTE: A flea market can be a permanent or temporary place of business and specializes in selling previously owned items, arts, and crafts.)

I. Pawn shops

(NOTE: Pawn shops loan money for articles based on their value. If the loan is not repaid within an allocated time, the pawn shop will then offer the merchandise for sale to the public.)

J. Garage/yard sales

(NOTE: Garage/yard sales are held by individuals or groups of individuals to sell items they no longer have a use for.)

K. Television

EXAMPLE: Home buying programs

L. Catalogs

EXAMPLES: Sears, Penney's, Spiegel

(NOTE: Most catalog shopping is done by phone or mail.)

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #1 — EVALUATE EFFECTS OF ADVERTISING ON MONEY MANAGEMENT

NAME _____ SCORE _____

Every day consumers get many advertising messages urging them to buy products and services. Advertisements are printed in magazines and newspapers and can be heard on radio and television. In a day, you may see or hear the same product advertised several times. This constant pressure by the advertising media affects how you spend your money.

PART I

Recognize the effects of advertising by matching the product to the slogan used for promoting the product. Write the correct numbers in the blanks.

Slogans, Symbols, Characters	Products
_____ A. Fly the friendly skies	1. Kentucky Fried Chicken
_____ B. Mm-mm good	2. Heinz
_____ C. Finger lickin' good	3. Campbell's Soup
_____ D. It's the real thing	4. Ivory
_____ E. 57 varieties	5. United Airlines
_____ F. Breakfast of champions	6. Jello
_____ G. 99.99% pure—it floats	7. Coke
_____ H. There's always room for	8. Ajax
_____ I. Stronger than dirt	9. Wheaties
_____ J. The uncola	10. 7-up
Slogans, Symbols, Characters	**Products**
_____ K. Makes your pictures count	11. Anacin
_____ L. Fast, fast, fast relief	12. Hallmark
_____ M. Gets you there	13. Breck
_____ N. How do you spell "cheese"	14. Allstate
_____ O. You're in good hands with . . .	15. Kraft
_____ P. Gives your mouth sex appeal	16. Kodak

ASSIGNMENT SHEET #1

_____ Q. Beautiful hair

_____ R. Good to the last drop

_____ S. Mountain grown coffee

_____ T. When you care enough to send the very best

Slogans, Symbols, Characters

_____ U. Two, two, two mints in one

_____ V. Fruit juicy

_____ W. Melts in your mouth, not in your hand

_____ X. Ho, Ho, Ho

_____ Y. Double your pleasure, double your fun

_____ Z. Helps build strong bodies twelve ways

____ AA. When it rains, it pours

____ BB. Up, up, and away

____ CC. New-fangled potato chips

____ DD. Bet you can't eat just one

Slogans, Symbols, Characters

____ EE. We bring good things to living, we bring good things to life

____ FF. Quality is job #1

____ GG. 7 years or 70,000 miles

____ HH. Sign of the cat

_____ II. Mark of excellence

____ JJ. The quality goes in before the name goes on

____ KK. It's the cheesiest

17. Folger's

18. Maxwell House

19. Ultra-Brite

20. Delta Airlines

Products

21. TWA

22. Wonder Bread

23. Green Giant

24. Certs

25. Hawaiin Punch

26. Lay's Potato Chips

27. M & M's

28. Morton Salt

29. Doublemint

30. Pringles

Products

31. Ford

32. GE

33. GM

34. Zenith

35. Listerine

36. Rice Krispies

37. Kraft Macaroni and Cheese

ASSIGNMENT SHEET #1

____ LL. Snap, crackle, and pop	38. Lincoln/Mercury
____ MM. Kills bad breath germs on contact	39. Chrysler/Plymouth/Dodge
Slogans, Symbols, Characters	**Products**
____ NN. Strong enough for a man, but made for a woman	40. Life
____ OO. You deserve a break today	41. Pillsbury
____ PP. Oh, thank heaven for . . .	42. Starkist
____ QQ. Mikey	43. 7-11
____ RR. Poppin' fresh	44. Folger's coffee
____ SS. Mrs. Olsen	45. McDonald's
____ TT. Mr. Whipple	46. Charmin
____ UU. Charlie, the tuna	47. Secret
____ VV. Tony, the tiger	48. 9 Lives
____ WW. Morris, the cat	49. Kellogg's Frosted Flakes

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PART II

Evaluate the effects of advertising on money management by answering the following questions.

A. In Part I, why were some of the products more easily matched than others?

_____

_____

_____

_____

B. How can advertising affect consumer spending?

_____

_____

_____

_____

ASSIGNMENT SHEET #1

C. Choose any five of the products from Part I and tell how their advertising affects your purchasing choices as well as your goals, budget, and savings.

1. Product I — _____

2. Product II — _____

3. Product III — _____

4. Product IV — _____

5. Product V — _____

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #2 — DETERMINE CONSUMERS' ROLES

NAME _____ SCORE _____

Goods and services are produced to give consumers what they need and want. Goods are *things*, such as bicycles. Services are actions done for people, such as health care.

1. For the following items, indicate whether they are goods or services by writing G or S on the line to the left.

_____ Candy bar	_____ School
_____ Bus ride	_____ Peanut butter
_____ Shoes	_____ Roller coaster ride
_____ Automobile	_____ Football game
_____ Automobile repair	_____ Record

2. List four additional goods you have consumed today.

_____ _____

_____ _____

3. List four additional services you have consumed today.

_____ _____

_____ _____

4. For each of the family members listed below, write some of the things (goods and services) the person consumes and some of the things (goods and services) he/she can produce.

	Consumes	**Produces**
Elderly and active grandfather	_____	_____
Elderly but ill grandmother	_____	_____
Mother	_____	_____
Father	_____	_____
17-year-old daughter	_____	_____
5-month-old cousin	_____	_____

ASSIGNMENT SHEET #2

5. Who in the list are the producers? _____

_____

6. Which family members are consumers but not producers? _____

_____

How are their needs supplied? _____

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #3 — DETERMINE PERSONAL VALUES

NAME _____ SCORE _____

If you could buy anything in the world, where would you look first to help you make a good choice?

You would take a good look at yourself! The way you spend your money should be very satisfying to you. You should use your money to obtain what you need and what you desire. A clear view of yourself and your values helps you to make choices that reflect what is most important to you.

What are values?

Values are big, general ideas of what is important to you. They can be positive, constructive ideas. Values are your guides to progress.

You are not born with values. You learn them from your family, your friends, the people around you, and from your experiences.

Values are very personal and differ for all individuals. Free time may be very important to Donald, but not to Cindy. Cindy may be willing to put in more time on her job than Donald because getting ahead is very important to her.

Despite our differences, many of us share the same values. Think of your closest friends. Don't you tend to think alike about what is important? Everyone, of course, has many values, but certain values are more important than others. They are said to have priority over the others.

Even though you may not yet be sure which values have priority for you, it is helpful in looking at yourself to try to list your values.

Below are 20 generally accepted values. Check the ones that are important to you, and list them in order of priority.

____ Happy family living	____ Conformity	____ Material wealth
____ Independence	____ Social prestige	____ Education
____ Respect for authority	____ Economy	____ New experiences (changes)
____ Religion	____ Excellence in work	____ Security
____ Helpfulness	____ Friendship	____ Influence
____ Equal rights	____ Recognition	____ Self-improvement
____ Physical health	____ Individuality	____ Physical appearance

ASSIGNMENT SHEET #3

These values are most important for me:

1. _____
2. _____
3. _____
4. _____
5. _____

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #4 — USE A PRE-PURCHASE CHECKLIST

NAME _____ SCORE _____

Directions: Check off (✓) whether you did or did not take the following precautions when you purchased a recent item, and explain why you did or did not.

Item purchased _____
Place of purchase _____
Cost of item _____

I did	I did not	Precautions	Reasons why I did or did not take precautions
		If item was on sale, I checked the original price to compare.	
		If item was on sale, I shopped the early days for best selection.	
		I went to a store with a good reputation.	
		I shopped for the item at several stores for the best prices.	
		I felt the salesperson was being honest, and I was alert to deceptive practices.	
		I looked for warranties and guarantees, if appropriate.	
		I read the contract (if there was one) and asked questions if I felt I needed to.	
		I researched the item ahead of time, if necessary.	
		I decided on quantity, color, price range, style, etc. before shopping.	

ASSIGNMENT SHEET #4

		I decided how much I could afford to spend from my budget.	
		If I bought on credit, I figured the total cost (interest and original cost).	
		I checked for fit, size, etc. in clothes, furniture, machinery, etc.	
		If possible, I tested for size before leaving the store.	
		I shopped after making a decision rather than buying impulsively.	
		I checked to make sure the item could be returned.	
		I checked to see if there was a delivery or installation charge.	

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SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #5 — CONSIDER CONSUMER CHOICES

NAME _____ SCORE _____

Buying is always a matter of making choices. Choices must be made between wants and needs; between one product and another of the same type; between two entirely different kinds of products; or between spending your money now or saving it. Do you consider the choices available to you as a consumer?

1. Write down a major purchase (over $50) you made in the past six months or that someone made for you. _____

2. Why did you buy the item? _____

3. Was it a "need" or a "want"? _____

   How do you know? _____

   _____

4. What made you want to buy the item? List as many reasons as you can remember, starting with the most important.

   _____

   _____

   _____

   _____

   _____

5. List five other things you would have liked to buy with the same money.

   _____ _____

   _____ _____

   _____

6. How much money can you earn in an hour? _____ How many hours would you have to work to earn the money to pay for your purchase? _____

ASSIGNMENT SHEET #5

7. If a rich relative suddenly gave you $800, how would you spend it? Make a shopping list in the blanks that follow, and indicate on the line to the right of each item whether it is something you want or something you need.

Item	Want or Need	Cost

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #6 — SURVEY CONSUMER BUYING HABITS

NAME _____ SCORE _____

PART I

In this acitivity, you will be looking at your buying habits and comparing them to the habits of other people in your class and community. Before you go further, complete the following statements by circling the letter before your choice.

1. When buying soft drinks, you look for

   a. the best-known brand.
   b. a brand that tastes the best.
   c. the least expensive brand.
   d. the brand with the fewest calories.

2. When shopping for jeans, you buy

   a. the most famous brand.
   b. the brand that fist the best although it isn't well known.
   c. a new style of jeans; one that will make you stand out a little in your crowd.
   d. jeans that will wear the longest.

3. When getting a haircut (and paying for it yourself), you worry most

   a. that your friends like it.
   b. that it will be the right length.
   c. that the price is reasonable.
   d. that it will be easy to take care of.

4. When buying shampoo, you look for

   a. a brand best suited for your type of hair.
   b. a new brand whose advertisements you like.
   c. a brand your friends use.
   d. a brand whose fragrance you like.

5. When you make a purchase, you are most influenced by

   a. your parents.
   b. your friends.
   c. advertisements.
   d. your teachers.

ASSIGNMENT SHEET #6

6. What do your answers say about you as a person and about your values?

_____

_____

_____

_____

7. As a class, add up how each of you answered the five questions. What do the answers show about the values of your class?

_____

_____

_____

_____

8. Are your values different from those of the class? _____

   How? _____

_____

_____

_____

If you like, you may use the questions in Part II to find out about the buying habits of people in your community.

ASSIGNMENT SHEET #6

PART II

Take a close look at your buying habits. Using a recently purchased item, complete the following questions to decide what influences your buying habits.

1. What did you buy? _____
2. Was it a planned purchase or a spur-of-the-moment one? _____
3. Did advertisements affect your decision? How? _____
4. How was the item displayed? _____
5. What attracted you to the display? _____
6. How did the salespeople influence you? _____
7. Did you compromise in any way? (Was it exactly what you wanted?)
8. Was there anything you considered buying but decided against? Why?
9. Why did you go to this store? _____
10. How would you describe your basic shopping habits? _____

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #7 — DISTINGUISH BETWEEN PLANNED AND IMPULSE BUYING

NAME _____ SCORE _____

Imagine yourself in a situation trying to decide between a needed and a wanted purchase. Describe the setting below (type of store, what attracts you to the item, what it looks like), and write down the arguments for "Impulse" and "Reason" that influence you.

Setting. _____

_____

_____

_____

REASON	IMPULSE
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Who wins? _____ Why? _____

_____

_____

SPENDING MONEY
UNIT III

ASSIGNMENT SHEET #8 — EVALUATE ADVERTISING

NAME _____ SCORE _____

PART I

Many commercials tell consumers that they have a "problem," which can be solved only by the use of their product. For example, if your problem is that your dishes are dirty even after you wash them, then what you need is Brand X detergent. Not only will your dishes be clean, but you will have lots of friends and romances.

Choose an advertisement from a newspaper or magazine.

1. What is the product being advertised? _____

   Briefly, describe the advertisement. _____

   _____

   _____

2. What is the problem that the advertisement says you have? _____

   _____

3. How will the product help solve the problem? _____

   _____

   _____

4. Does the advertisement say, or suggest, that in addition to solving your problem, you will get extra benefits from using the product? _____

   If so, what are they? _____

   _____

   _____

   _____

   _____

ASSIGNMENT SHEET #8

PART II

1. Watch TV for one hour, keeping track of the commericals.

   How many ads were there in one hour? _____

   What audience were the advertisements directed toward? _____

   _____

   How much time did they take? _____

   Were there any commercials for products that are harmful to people? _____

   _____

   If so, what were they? _____

   _____

2. In class, work with a group of other students and compare your answers to question one. Find the average number of commercials per hour and the number of minutes used. Record your findings below.

   _____

   _____

   _____

   _____

   _____

ASSIGNMENT SHEET #8

PART III

1. When the advertising team put together their TV commerical, they helped to make it appealing by choosing ingredients that would be attractive to our eyes and ears. Choose a very effective TV commercial and decide what was done to make the advertisement attractive.

_____

_____

2. All admakers must consider the same areas, but obviously, the ingredients that work for a TV or magazine ad cannot be used as well in a radio ad, and vice versa. On which ingredients does a magazine ad rely?

_____

A radio ad? _____

3. Find a magazine ad that you consider very effective.

Describe the ingredients that make it appealing. _____

_____

_____

_____

_____

4. Now rework the ad so you can present it in front of the class as a 30-second radio commercial. (You may want to use music or sound effects for your presentation.) Remember, the ideas communicated through color and pictures must now be conveyed through sound. Write what you will say below:

_____

_____

_____

_____

_____

ASSIGNMENT SHEET #8

PART IV

Advertisers have not forgotten that many consumers are children, and they aim millions of dollars worth of advertising toward this audience. Since a lot of little children cannot read, most advertising aimed toward them appears as television commercials on Saturday mornings. Using this sheet to keep a record, watch TV for an hour or so on Saturday morning.

Read this questionnaire before you start.

1. How many ads did you see in one hour? _____

2. How much time was taken by commercials? _____

3. List the products that were advertised: _____

_____

_____

4. What kinds of products were advertised most often? _____

_____

_____

5. What appeals were used most often? _____

_____

_____

6. Describe one commercial in detail, including in your description the product advertised and the appeals used in the ad. Also describe how the ad looked and sounded. Do you think it was a successful ad? Why?

_____

_____

_____

_____

_____

7. What effect do you feel that advertising has on children? _____

_____

_____

ASSIGNMENT SHEET #8

PART V

Using advertising correctly is a consumer challenge. Advertising is all around us—on billboards and signs; in newspapers, magazines, and circulars; and on radio and television. Through advertising, information is relayed from manufacturers to consumers. On the other hand, advertisements tempt us to buy in many ways. Some appeal to emotions—the need for love or acceptance by others. People often plan their shopping with the help of advertisements.

Advertisements should be studied from two points of view: (1) for information about the product and (2) for deceptive or misleading statements. Use the checksheet below to analyze an advertisement of your choice. Attach the advertisement or its description to this page.

1. Do you need the item being advertised?

_____

_____

2. What does the product contain and how is it made?

_____

_____

3. Is the product needed or helpful?

_____

_____

4. How economical is the product?

_____

_____

5. How long will the product last?

_____

_____

6. How does its price compare with the prices of similar products?

_____

_____

ASSIGNMENT SHEET #8

7. Does the item carry any seals identifying its quality or any evidence of qualified tests?

_____

_____

8. What proof is used to back up the statements?

_____

_____

9. Are there any service or maintenance problems?

_____

_____

10. Are any of the advertising statements deceptive or misleading?

_____

_____

11. Does the advertisement appeal to your intelligence or your emotions?

_____

_____

12. Does the advertisement make you feel confident that if you buy you will be satisfied?

_____

_____

SPENDING MONEY
UNIT III

ANSWERS TO ASSIGNMENT SHEETS

Assignment Sheet #1

PART I

A. 5	AA. 28
B. 3	BB. 21
C. 1	CC. 30
D. 7	DD. 26
E. 2	EE. 32
F. 9	FF. 31
G. 4	GG. 39
H. 6	HH. 38
I. 8	II. 33
J. 10	JJ. 34
K. 16	KK. 37
L. 11	LL. 36
M. 20	MM. 35
N. 15	NN. 47
O. 14	OO. 45
P. 19	PP. 43
Q. 13	QQ. 40
R. 18	RR. 41
S. 17	SS. 44
T. 12	TT. 46
U. 24	UU. 42
V. 25	VV. 49
W. 27	WW. 48
X. 23	
Y. 29	
Z. 22	

PART II — Completed to the satisfaction of the instructor

Assignment #2 — Completed to the satisfaction of the instructor

Assignment #3 — Completed to the satisfaction of the instructor

Assignment #4 — Completed to the satisfaction of the instructor

Assignment #5 — Completed to the satisfaction of the instructor

Assignment #6 — Completed to the satisfaction of the instructor

ANSWERS TO ASSIGNMENT SHEETS

Assignment #7 — Completed to the satisfaction of the instructor

Assignment #8 — Completed to the satisfaction of the instructor

SPENDING MONEY
UNIT III

TEST

NAME _____ SCORE _____

1. Match terms associated with buying practices to their definitions. Write the correct numbers in the blanks.

_____a. Advertising that uses attitudes and excites people to buy impulsively

_____b. Items one is unable to live without

_____c. Spending, borrowing, saving, and investing

_____d. Any of two or more ideas from which a choice must be made

_____e. Aims that may not be reached for years

_____f. Considering choices and deciding on the best one

_____g. Securing information from several sources about quality, features, services, and cost of a product before purchase

_____h. Aims toward which an individual works

_____i. Purchasing without considering need

_____j. Legal agreement between two or more parties; enforceable by law

_____k. Aims that are set for the near future

_____l. Something that is said or done to deceive, trick, or cheat a consumer

_____m. Ways to obtain needs and wants

_____n. Advertising that centers on logic by providing basic facts and information

_____o. Desires, *not* necessities

1. Impulse buying
2. Decision-making
3. Consumer activities
4. Goals
5. Short-term goals
6. Long-range goals
7. Wants
8. Needs
9. Resources
10. Alternatives
11. Contract
12. Fraud
13. Comparative buying
14. Rational appeal

TEST

_____p. Obtain money or property from consumers under false pretenses

_____q. Promise that an article will function correctly or be replaced or repaired

_____r. Standards of quality

_____s. Presenting products and services favorably to consumers to promote sales

_____t. Rules for measure of quantity, weight, extent, value or quality

_____u. Provides information about a product

_____v. Manufacturer's name on product; promotes recognition and repeat sales

15. Emotional appeal
16. Swindle
17. Brand
18. Grades
19. Warranty
20. Advertising
21. Label
22. Standards

2. Select from the following list factors that affect consumer spending. Write an "X" in the blank before each correct answer.

_____a. Family situation

_____b. Peer influence

_____c. Credit

_____d. Advertising

_____e. Attitudes about the future

_____f. Values

_____g. Prices

3. Name three questions to consider before deciding to buy.

a. _____

b. _____

c. _____

4. Arrange in order steps in the decision-making process. Write a "1" by the first step, a "2" in the second step, and so on.

_____a. Make a decision

_____b. Consider resources

_____c. Act on the decision

TEST

_____d. State or define the problem; know what decisions must be made

_____e. Evaluate the results

_____f. Relate problem to personal goals and values

_____g. Consider alternatives

_____h. Get the facts

5. List five guidelines for purchasing each of the following basic needs.

Food

a. _____

b. _____

c. _____

d. _____

e. _____

Transportation

a. _____

b. _____

c. _____

d. _____

e. _____

Clothing

a. _____

b. _____

c. _____

d. _____

e. _____

TEST

6. List four guidelines for buying personal wants in each of the following categories.

Furniture and small appliances

a. _____

b. _____

c. _____

d. _____

Recreational and special occasion clothing

a. _____

b. _____

c. _____

d. _____

7. Name the advantages of advertising to the consumer.

a. _____

b. _____

c. _____

8. List guides for selecting a quality product.

a. _____

b. _____

c. _____

d. _____

e. _____

9. Name five types of shopping facilities.

a. _____

b. _____

c. _____

d. _____

e. _____

TEST

(NOTE: Test items 10-17 list the assignment sheets. They are an important part of this test. If they have not been completed, check with your instructor.)

10. Evaluate the effects of advertising on money management.

11. Determine consumers' roles.

12. Determine personal values.

13. Use a pre-purchase checklist.

14. Consider consumer choices.

15. Survey consumer buying habits.

16. Distinguish between planned and impulse buying.

17. Evaluate advertising.

SPENDING MONEY
UNIT III

ANSWERS TO TEST

1.

a. 15	i. 1	q. 19
b. 8	j. 11	r. 18
c. 3	k. 5	s. 20
d. 10	l. 12	t. 22
e. 6	m. 9	u. 21
f. 2	n. 14	v. 17
g. 13	o. 7	
h. 4	p. 16	

2. a, b, c, d, e, f, g

3. Answer should include any three of the following.

   a. Do I really need it? If so, why?
   b. Is it worth the cost in terms of my effort to earn the money?
   c. Is there a better use for the money?
   d. Am I buying it to imitate? To show off? To make someone envious? To make myself feel important?
   e. If I must buy on credit, is it worth the extra money spent on interest payments?

4. a. 6
   b. 4
   c. 7
   d. 1
   e. 8
   f. 2
   g. 5
   h. 3

5. Answer should include any five of the following in each category.

   Food

   a. Plan your shopping around weekly and seasonal special
   b. Check unit pricing
   c. Consider buying in larger quantities
   d. Compare cost and time factors of convenience foods and disposable products to making dishes from "scratch" and purchasing reusable items
   e. Learn what grades of food mean
   f. Compare nationally advertised brands to "house" brands
   g. Watch for coupons in newspapers, magazines, and in the mail
   h. Purchase foods in season
   i. Read labels
   j. Make your own convenience foods

ANSWERS TO TEST

k. Buy larger sized eggs only if they are not priced more than $0.07 above the next smaller sized eggs
l. Use tenderizing processes and methods of cooking to take advantage of less expensive cuts of meats
m. Make a shopping list, and stick to it to avoid impulse buying
n. Do not shop when hungry

Transportation

a. Use self-service gasoline pumps
b. Practice good driving habits
c. Form a carpool
d. When buying a car, choose a more economical model
e. Walk when possible
f. Lock the car to prevent theft
g. Check the car regularly before minor repairs become major repairs

Clothing

a. Match quality with use
b. Shop discount and outlet stores for name brands
c. Coordinate clothes
d. Avoid fads
e. Get a good fit
f. Watch for sales; buy out of season
g. Try clothes on before buying them
h. Check on return policies

6. Answer should include any four of the following in each category.

Furniture and small appliances

a. Bring paint, fabric samples, and measurements when shopping
b. Consider multipurpose furniture
c. Watch classified ads for bargains on used furniture
d. Consider unfinished furniture you can finish yourself
e. Choose less expensive items if you plan to move soon
f. Watch for sales on new furniture
g. Buy small appliances only if you will not use them at least four times a year
h. Save sales slips, labels, and warranties

ANSWERS TO TEST

Recreational and special occasion clothing

a. Determine how much you can afford to spend for the item you want
b. Shop around to compare prices and quality
c. Determine how long the item will last and approximately how many times you will wear it
d. Be sure the item fits well and is designed for the intended use

7. a. May provide educational value
   b. Provides product information
   c. Explains the economic benefits of the goods or services

8. a. Meets advertising claims
   b. Meets accepted standards for type of product
   c. Carries label furnishing needed information
   d. Carries a warranty
   e. Made by reputable manufacturer

9. Answer should contain any five of the following.

   a. Retail stores
   b. Nonstore retailers
   c. Cooperatives
   d. Rent-to-own stores
   e. Resale stores
   f. Wholesale warehouses
   g. Malls
   h. Flea markets
   i. Pawn shops
   j. Garage/yard sales
   k. Television
   l. Catalogs

10. Completed to the satisfaction of the instructor.

11. Completed to the satisfaction of the instructor.

12. Completed to the satisfaction of the instructor.

13. Completed to the satisfaction of the instructor.

ANSWERS TO TEST

14. Completed to the satisfaction of the instructor.

15. Completed to the satisfaction of the instructor.

16. Completed to the satisfaction of the instructor.

17. Completed to the satisfaction of the instructor.

PROTECTING THE CONSUMER
UNIT IV

UNIT OBJECTIVE

After completing this unit, the student should be able to select and use effective consumer protection methods. This knowledge will be shown by completing assignment sheets and unit test with a minimum score of 85 percent.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with consumer protection to their correct definitions.
2. Select from a list situations that signal need for consumer protection.
3. Match types of improper sales techniques to their correct descriptions.
4. Name types of consumer protection.
5. Select from a list guidelines that help consumers prevent problems.
6. State ways that consumers can report faulty products to manufacturers.
7. Select from a list guidelines for writing a letter of redress.
8. Match federal consumer protection laws to their correct descriptions.
9. Select from a list characteristics of state and local legislation for consumer protection.
10. Match types of consumer protection groups to their correct functions.
11. List three sources of consumer protection.
12. Select from a list information required on a written contract.
13. Discuss precautions in signing contracts.
14. Discuss how a contract becomes defective.
15. Arrange in order the steps in making a consumer complaint.
16. Evaluate a warranty.
17. Write a letter of redress.
18. Handle improper sales techniques.

OBJECTIVE SHEET

19. Evaluate a label.
20. Evaluate a written warranty.
21. Interpret a written contract.
22. Plan strategy to avoid consumer fraud.
23. Evaluate a letter of complaint.
24. Identify agencies to handle complaints.

PROTECTING THE CONSUMER
UNIT IV

SUGGESTED ACTIVITIES

I. Unit contents

- A. Objective sheet
- B. Suggested activities
- C. Supplements
  1. Supplement #1 — Types of Consumer Fraud
  2. Supplement #2 — Characteristics of Small-Claims Court
  3. Supplement #3 — Situations for Which Legal Counsel Is Recommended
  4. Supplement #4 — Factors That Can Contribute to Bankruptcy
- D. Information sheet
- E. Assignment sheets
  1. Assignment Sheet #1 — Evaluate a Warranty
  2. Assignment Sheet #2 — Write a Letter of Redress
  3. Assignment Sheet #3 — Handle Improper Sales Techniques
  4. Assignment Sheet #4 — Evaluate a Label
  5. Assignment Sheet #5 — Evaluate a Written Warranty
  6. Assignment Sheet #6 — Interpret a Written Contract
  7. Assignment Sheet #7 — Plan Strategy to Avoid Consumer Fraud
  8. Assignment Sheet #8 — Evaluate a Letter of Complaint
  9. Assignment Sheet #9 — Identify Agencies to Handle Complaints
- F. Answers to assignment sheets
- G. Test
- H. Answers to test

II. Instructor's guide

- A. Obtain materials to supplement unit.

SUGGESTED ACTIVITIES

1. *Consumer's Resource Handbook*, Washington, DC: White House Office of the Special Assistant for Consumer Affairs, 1986. Available from Consumer Information Center, Department 532G, Pueblo, Colorado 81009.

   (NOTE: This handbook contains information on how to be an educated consumer; it provides many helpful tips on various aspects of being a wise consumer; and it provides an extensive directory of consumer assistance agencies, including addresses, phone numbers, and types of complaints handled.)

2. Film: *This Is Fraud*. Color, 8 minutes, 1972. Available from Filmfair Communications, 10900 Ventura Blvd., Box 1728, Studio City, California 91604, (818) 985-0244.

   (Using three dramatized cases, the film shows how certain danger signals in each case could have helped stop the fraud before it happened.)

   (NOTE: The above film is available to Oklahoma teachers on a free-loan basis. Oklahoma teachers may order from the Oklahoma State Department of Vocational and Technical Education, 1500 West Seventh Avenue, Stillwater, Oklahoma 74074. Out-of-state teachers must order from the address listed with the film.)

B. Provide students with copies of unit.

C. Discuss unit and specific objectives.

- Ask students if they have ever bought a good or service that did not work properly, did not last as long as it should, or had something wrong with it. Get them to explain what happened and what they did about it.

- Ask students if they ever returned unsatisfactory products to the stores from which they purchased them. If so, have them explain how they handled the situation.

- Ask students if they have every bought anything they did not want or need because a salesperson was especially persuasive. Have them relate the situation to the class. Discuss how they could have prevented buying the unwanted/unneeded item.

- Ask students where they can go to get help with consumer problems.

- Explain that the purpose of this unit is to help them become more familiar with ways they can protect themselves, ways they can avoid fraud, ways they can handle problems they have with goods or services, agencies that can help them solve consumer problems, and information in labels, warranties, and contracts.

D. Discuss information and assignment sheets.

1. Review relevant terms and definitions related to consumer protection; use Information Sheet, Section I.

SUGGESTED ACTIVITIES

2. Discuss situations that signal need for consumer protection using Information Sheet, Section II.
   - Use Supplement #1 to explain types of fraud.
   - Have students relate situations in which they felt they needed consumer protection. (You might ask expecially about experiences with door-to-door salespersons.)
3. Introduce descriptions of types of improper sales techniques; use Information Sheet, Section III.
   - Ask students to give personal experiences they have had with these types of improper sales techniques.
   - Ask students to give personal experiences they have had with companies using these techniques properly.
   - Have students collect and post related news stories.
   - Show film *This Is Fraud*.
4. Discuss types of consumer protection using Information Sheet, Section IV.
   - Discuss characteristics of small-claims court using Supplement #2.
   - Plan a field trip to observe small-claims court in session.
   - Discuss situations for which legal counsel is recommended using Supplement #3.
   - Discuss factors that can contribute to bankruptcy using Supplement #4.
   - Have students bring in and discuss news articles related to persons filing bankruptcy.
   - Have students complete Assignment Sheet #1, and go over in class.
   - Have students complete Assignment Sheet #2.
   - Have students complete Assignment Sheet #3.
5. Discuss guidelines that help consumers prevent problems; use Information Sheet, Section V.
   - Have students bring in a variety of advertisements for examination.
   - Have students make lists of the best time of the year to buy certain products. For example, tomatoes and melons are usually cheapest in the summer months.
   - Have students complete Assignment Sheet #4.

SUGGESTED ACTIVITIES

- Have students complete Assignment Sheet #5.

6. Introduce ways that consumers can report faulty products to manufacturers; use Information Sheet, Section VI.

   - Invite a local merchant to come to class to explain how his or her store handles customer complaints.
   - Invite a local manufacturing representative to come and discuss how his or her company handles letters of complaint.
   - Invite an attorney to come to class and discuss when a consumer needs the expert advice of an attorney during the complaint process.

7. Discuss the guidelines for writing a letter of redress; use Information Sheet, Section VII.

   - Have students complete Assignment Sheet #7.
   - Have students complete Assignment Sheet #8.

8. Introduce descriptions of federal consumer protection laws using Information Sheet, Section VIII.

   - Invite a credit bureau representative to class to discuss the Fair Credit Reporting Act and the procedure and consequences of bankruptcy.
   - Have students collect labels from packages of food, cosmetics, clothing, etc. to see what information in on the labels.
   - Have students bring in examples of labels with warnings about hazardous chemicals (i.e. chlorine bleach, drain openers, battery acid).

9. Discuss characteristics of state and local legislation for consumer protection using Information Sheet, Section IX.

   - Invite a representative from the Chamber of Commerce, district attorney's office, police department, or the better business bureau to explain his or her role in protecting and warning local citizens about improper sales techniques.

10. Explain the functions of types of consumer protection groups; use Information Sheet, Section X.

    - Invite a member of a local citizen's group to come to class to discuss its purpose and activities.

11. Discuss sources of consumer protection using Information Sheet, Section XI.

    - Have students examine several issues of *Consumer's Research* and *Consumer Reports*. Have them take notes on the types of information they find and report to the class why these magazines are useful.

SUGGESTED ACTIVITIES

- Have students bring to class samples of items with seals of approval from Good Housekeeping and from Underwriter's Laboratory; ask them what these seals of approval tell them about these products.

12. Discuss the information required on a written contract; use Information Sheet, Section XII.

    - Bring samples of contracts to class for students to examine; have them locate the required information.

    - Have students bring in samples of contracts and look for the required information.

13. Discuss precautions in signing contracts using Information Sheet, Section XIII.

14. Explain how a contract becomes defective using Information Sheet, Section XIV.

    - Invite an attorney to class to explain how contracts become defective.

15. Introduce the steps in making a consumer complaint using Information Sheet, Section XV.

    - Have students locate the address of a large manufacturer they would like to write to complain about a product with which they are dissatisfied.

    - Have them decided which government agency they would write to if the manufacturer does not give them satisfaction.

    - Pass around copies of the *Consumer Resource Handbook* so students can see what types of information it contains. Have them use the handbook to find the appropriate agencies to complain to if the manufacturer is not responsive.

    - Have students complete Assignment Sheet #9.

E. Give test.

F. Critique test and discuss in class.

G. Reteach and retest as necessary.

III. Unit references

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SUGGESTED ACTIVITIES

C. Herrman, Robert O., and Herbert N. Jelley. *The American Consumer: Issues and Decisions*. Dallas, Texas: Gregg Division, McGraw-Hill, 1978.

D. Kates, Donna. *Consumer Education*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1983.

E. Oppenheim, Irene. *Consumer Skills*. Peoria, Illinois: Bennett, 1982.

F. Rosenburg, R. Robert, John E. Whitcraft, and Gordon Brown. *Understanding Business and Consumer Law*, 6th ed. New York: McGraw-Hill, 1979.

G. Searls, Charlotte. *Consumer Education Curriculum Guide*. Pheonix, Arizona: Arizona Instructional Materials Service, 1980.

H. Truitt, Debbie. *Home Economics II*, rev. ed. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1980.

PROTECTING THE CONSUMER
UNIT IV

SUPPLEMENT #1 — TYPES OF CONSUMER FRAUD

DOOR-TO-DOOR FRAUD — Home sales of items like roofing, aluminum siding, lightning rods, paint, or magazines

(CAUTION: These people may appear at your door and say they were in the neighborhood and happened to notice that you are in need of roof repair . . . or they may pose as inspectors. These salespersons will offer all kinds of proof that you need certain items. Regardless of the method used, there will be strong pressure for you to sign at once a contract which usually requires a down payment or deposit. The verbal guarantees and promises will not be written in the contract. If you sign the contract, the worker may start the job and then disappear later, or you may find the materials are of inferior quality. ALWAYS DO BUSINESS WITH AN ESTABLISHED BUSINESS WITH A GOOD REPUTATION. ALWAYS GET COMPETITIVE BIDS ON REPAIR OR FIX-UP JOBS.)

DECEPTIVE PRICING — Consumers are told this price is the "sale of the century"

(CAUTION: IT IS REALLY NO SALE AT ALL! IT PROBABLY WAS CHEAPER LAST WEEK!)

MAIL ORDER FRAUD — Companies offering merchandise through the postal system

(CAUTION: Avoid some of the mail order problems by asking yourself: "Does the offer seem too good to be true? Does the company offer a money-back guarantee? Is the company known as a reliable one?")

BAIT AND SWITCH — Advertising at a cut-rate price with no mention that only a few items are available at that price; lures customers into store for higher priced item

FICTITIOUS PRICING/MISREPRESENTATION — Making false or exaggerated claims about the quality and performance of a product

Examples: Overstating the "manufacturer's suggested price" to convince the buyer that the advertised price is a special bargain

Advertising "50% off the regular price" when the seller has never sold the goods before

UNORDERED PRODUCT — Sending items to person without their request, followed by letter demanding payment

(NOTE: Consumers should know that they are under no obligation to pay for unordered products sent to them through the mail, nor must they return the merchandise.)

CONTEST FRAUD — Consumers are informed that they have "won" a prize when actually they must purchase something to obtain their prize

EARN-MONEY-AT-HOME FRAUD — Offers for persons to increase their income without leaving their residence

SUPPLEMENT #1

(CAUTION: If a person is required to buy anything to qualify for work, BE SUSPICIOUS.)

TELEPHONE FRAUD — Offers great savings to individuals through phone calls

PROTECTING THE CONSUMER
UNIT IV

SUPPLEMENT #2 — CHARACTERISTICS OF SMALL-CLAIMS COURT

Provides settlement for cases that involve small amounts of money

Requires no attorney

Offers opportunity to settle legal dispute at a relatively small fee

Offers informal atmosphere

Provides settlement of case usually within a few weeks

PROTECTING THE CONSUMER
UNIT IV

SUPPLEMENT #3 — SITUATIONS FOR WHICH LEGAL COUNSEL IS RECOMMENDED

Entering into a contract for the sale or purchase of real estate

Entering into sales contract involving a large sum of money

Carrying out adoption proceedings

Appearing in court as plaintiff or defendant

Filing income tax returns if there is any possibility that the return will be questioned or if there are nonstandard deductions involved

(NOTE: Either an accountant or an attorney can perform this service.)

Bringing charges or accusations against another person or defending charges brought against you

Drawing up wills, settling estates, or setting up trusts

Entering into or setting up any type of business

PROTECTING THE CONSUMER
UNIT IV

SUPPLEMENT #4 — FACTORS THAT CAN CONTRIBUTE TO BANKRUPTCY

Poor money management

EXAMPLE: Unwise use of credit

Unemployment

Personal catastrophe

EXAMPLE: Extended personal illness without adequate health insurance

Unwise or poor investment

EXAMPLES: Business failure, stock market loss

Unfavorable economic conditions

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INFORMATION SHEET

I. Terms and definitions

A. Warranty — Written guarantee of a product's quality and operation and of the maker's responsibility for replacing or repairing defective parts

(NOTE: *Express warranties* are assurances of quality or promises of performance by the seller. *Implied warranties* are obligations imposed by law. For example, the buyer has a right to expect that the article purchased will serve the purpose for which it is advertised. It is necessary in most instances to send a card to the manufacturer soon after purchase so that the warranty will be honored at a later date.)

B. Bankruptcy — Legal proceeding that declares a person unable to meet financial obligations and divides the person's assets among creditors

(NOTE: Bankruptcy is a form of consumer protection, but it should always be the last attempt to save oneself from the crushing weight of unpaid bills. Many times these bills are for purchases that one could have done without. Individuals file the largest percentages of bankruptcies.)

C. Contract — Binding agreement between two or more persons

(NOTE: In most cases, contracts are legal documents.)

D. Small-claims court — Court that simplifies and speeds up the handling of minor cases

(NOTE: In small-claims court, people act as their own attorneys, the proceedings are informal, and the means to obtain justice in minor civil cases is relatively inexpensive.)

E. Arbitration — Settlement of a dispute by a person or persons chosen to hear both sides and come to a decision

F. Endorsement — Statement of approval for a person or product as in an advertisement

G. Annual percentage rate — Actual rate of interest figured on a yearly rate

H. Plaintiff — Suing party

I. Defendant — Person charged in legal action

J. Class action — Legal action taken by one or more plaintiffs for themselves and all other persons who have suffered from the same situation

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K. Redress — Compensation for a wrong or loss

L. Fraud — False representation that leads to deception of the consumer

II. Situations that signal need for consumer protection

A. You appear to be getting something for nothing

B. You appear to have been specially selected

C. You are promised high earnings without work experience

D. You are being pressured to decide right away

EXAMPLE: Salespersons state that they are not allowed to call back later.

E. Your home appears to have been selected to be a model demonstration unit

III. Descriptions of types of improper sales techniques

A. Bait and switch — Consumer intends to buy the item that was advertised at a low price; but the seller, hoping to sell a more expensive item, downgrades the advertised item or indicates that the product is sold out

B. Contest winner or free goods — Consumers learn that there are other conditions for receiving prize

EXAMPLE: Consumer must purchase additional goods in order to receive the prize.

C. False claim about features or consequences — Promises are made that are not true

EXAMPLE: Advertisements may unjustly claim that graduates of proprietary school will earn high salaries.

D. False testimonal, endorsement, or certification — Companies falsely state or imply that products are endorsed or approved

EXAMPLES: Companies state that products won prizes or awards, thus implying that such awards are made on the basis of comparison with competing products.

False claims that products are used by a famous person were made.

INFORMATION SHEET

E. Unordered merchandise — Products are mailed to an individual without request or consent

EXAMPLE: A charaitable organization soliciting contributions may mail "free" samples or products.

(NOTE: An individual is not obligated to return or pay for unordered products.)

F. Referral sales approach — Salesperson uses the names of friends of the customers to influence a decision to buy

(NOTE: In many cases a referral sales approach is used by door-to-door salespeople. Federal law provides for a three-day period during which consumers can change their minds about a purchase and get a refund.)

IV. Types of consumer protection

A. Personal knowledge of consumer rights

(NOTE: Consumer rights include right to be informed, right to safety, right to choose, right to be heard, right to consumer education, right to decent environment, and right to reasonable redress.)

B. Personal knowledge of consumer information

C. Personal willingness to accept responsibility for consumer protection

EXAMPLE: Writing a letter of redress

D. Federal, state, and local laws

E. Consumer protection groups

F. Small-claims court

G. Legal counsel

H. Bankruptcy

V. Guildelines that help consumers prevent problems

A. Before you buy

1. Determine your needs and wants
2. Read advertisements and other consumer information to get the facts
3. Compare quality and prices of different brands
4. Compare product quality, prices, and services of different stores

5. Check for the best time of year to buy certain products

6. Watch for sales and specials on products you use

B. When you buy

1. Deal only with business or individual who has a good reputation for service

2. Make sure the price is what you are willing and able to pay

3. Make sure the product is exactly what you need and want

4. Beware of salespeople who try to sell you more than you need or want

5. Compare credit costs

6. Read contract before signing, and know all facts

7. Check guarantees and warranties for repair and/or replacement information

C. After you buy

1. Date and file each warranty, contract, instruction booklet, and warning label

2. Use products properly, according to instructions and safety warnings

3. Return product to store where purchased if not satisfied

(NOTE: It may be necessary to send products back to manufacturer.)

VI. Ways that consumers can report faulty products to manufacturers

A. Return product in accordance with warranty

B. Write letter to the manufacturer or main office of company

(NOTE: Give all the facts, and do not exaggerate. Threats and sarcasm are meaningless. Let the company know what action you want such as a repair, replacement, or refund.)

C. Contact the appropriate government agency, or get help from a consumer organization

(NOTE: Contact the Federal Information Center nearest you when you have questions about any program or agency of the federal government.)

INFORMATION SHEET

D. Take legal action

EXAMPLES: Hire an attorney.

Take matter to small claims court.

VII. Guidelines for writing a letter of redress

A. Write the company a letter as soon as you know there is a problem

B. Direct your complaint to the right person at the right office

C. Include specific facts about the product or service that is not satisfactory

D. Make reasonable requests

(NOTE: One is more likely to get a better response if the request is reasonable.)

E. Keep a copy of the letter and record dates and names of persons contacted

(NOTE: Keep a written record of phone calls.)

F. Be persistent

(NOTE: If you do not get the desired results, write a second letter or even a third letter.)

VIII. Descriptions of federal consumer protection laws

A. Consumer Credit Protection Act (Truth in Lending) — Lets consumers know exactly what the credit charges are on purchases and loans; credit cost must be stated both in dollars and cents and as an annual percentage rate

B. Fair Packaging and Labeling Act (Truth in Packaging) — Requires that certain facts such as net content, size of serving, and list of ingredients in order of decreasing weights, be made known to the consumer

(NOTE: This law helps consumers compare prices of products.)

C. Food, Drug, and Cosmetic Act — Assures consumers of the safety, purity, and wholesomeness of food; safety and effectiveness of drugs, and safety of cosmetics

D. Automobile Information Disclosure Act — Requires that manufacturers label each new car, listing its suggested retail price, the price of any extras, and the total price

(NOTE: This law helps consumers compare new automobile prices.)

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E. Child Protection and Toy Safety Act — Protects children from dangerous goods, including dangerous toys; this law bans the shipment and sale of such dangerous items from state to state

F. Federal Hazardous Substance Labeling Act — Requires that labels list such things as precautions for use and first-aid procedures in case of accidents

G. Textile Fiber Products Identification Act — Requires labels on textiles to list fiber content by weight, and manufacturer's name and address

(NOTE: This law helps consumers compare textiles and fabrics.)

H. Fair Credit Reporting Act — Enables consumers to check information about themselves kept on file by a credit bureau; consumers may ask a credit bureau for the source of the information in their file and the names of those who have been given a credit report on the consumer within the past six months

I. Warranty-Federal Trade Commission Improvement Act — Sets minimum standards for written warranties and states provisions for class-action suits if a warranty is not fulfilled

IX. Characteristics of state and local legislation for consumer protection

A. Vary widely across country

B. May regulate policies for companies and institutions

EXAMPLES: Policies on insurance, education, trade practices, sanitation practices, food standards, and safety

C. Usually regulated by the corporation commission or attorney general's office

X. Functions of types of consumer protection groups

A. Consumer-action panels — Advise industries of consumer concerns about their products and services

(NOTE: Consumer-action panels are formed by trade associations and are made up of members who are knowledgeable about consumer affairs.)

B. Arbitration services — Provide a voluntary means of settling complaints by appointing an impartial person or panel to listen to both sides before reaching a decision that is binding on both parties

C. Consumer-affairs departments — Provide a means of supporting consumer needs through use of group power strategies

D. Citizens' organizations — Provide a means of supporting consumer needs through use of group power strategies

(NOTE: Citizens' organizations are formed at national, state, and local levels.)

INFORMATION SHEET

XI. Sources of consumer protection

A. Federal consumer agencies

EXAMPLES: Consumer Protection Agency, Department of Agriculture, Civil Aeronautics Board (CAB), Department of Commerce, Consumer Product Safety Commission (CPSC), Environmental Protection Agency (EPA), Federal Trade Commission (FTC), U.S. Government Printing Office (publications of interest to consumers are listed in the free pamphlet "Consumer Information"), Food and Drug Administration (FDA), Office of Consumer Affairs (OCA)

B. State and local consumer agencies

(NOTE: City and county health, welfare, fire, and police departments may assist with consumer problems. Local newspapers often give information as to where consumers can get help. The Department of Consumer Credit, B82, Jim Thorpe Building, Oklahoma City, OK 73106 will also assist consumers.)

C. Private sources

EXAMPLES: Consumers Federation of America (CFA), Consumers' Research, Inc. (publishes *Consumers' Research* magazine), Consumers Union of the United States, Inc. (publishes *Consumer Reports*)

D. Seals of approval

EXAMPLES: Good Housekeeping, Underwriter's Laboratory

E. Professional associations

EXAMPLES: American Dental Association, American Home Economics Association, American Medical Association

F. Better Business Bureaus

XII. Information required on a written contract

(NOTE: Generally, there are two main types of contracts, oral and written. A contract should be written instead of oral when there is any chance for misunderstanding or disagreement between the parties or when a written contract is required by law.)

A. Date and place of agreement

B. Names and identification of parties entering into agreement

C. Statement of agreement covered by contract

D. Statement of money, services, or goods given in agreement

E. Signature of both parties or of legal agents

INFORMATION SHEET

F. Signatures of witnesses when required by law

XIII. Precautions in signing contracts

A. Read entire contract before you sign

(NOTE: Take contract home to read thoroughly or ask an attorney for advice.)

B. Ask for explanations of parts you do not understand

C. Make sure contract states all conditions and promises as you understand them

D. Do not accept your copy without signature of other party on contract

E. Keep your copy of the contract in a safe place

F. Never sign a contract with blank lines

G. Initial any changes you make on the contract, and have other party do the same

H. Note any payments made at time contract is entered into on the contract, or obtain separate receipt

XIV. How a contract becomes defective

A. If there is fraud in the form of misrepresentation or concealment of vital facts

B. If a person makes an agreement as a result of threat or the use of violence

C. If there has been unneccessary and unfair influence and pressure to the extent that one person has not reached the agreement through his or her own judgement

D. If there is a mistake as to the nature of the agreement, mistake as to the identity of a party, mistake as to the possibility of performance, or mistake as to the identity of the subject matter

XV. Steps in making a consumer complaint

A. Return to the place where you purchased the item or services and explain your problem in a factual manner

(NOTE: Most reputable stores, agencies, and service providers will try to help you.)

B. Write to the manufacturer if store is unable or unwilling to help you

(NOTE: Most libraries have references with the addresses of large manufacturers. Address your letter to the service department, a particular official if you can find the name of one, or just to the president of the company.)

INFORMATION SHEET

C. Report action to correct agency if manufacturer is not helpful

EXAMPLES:

AGENCY	COMPLAINTS HANDLED
City and county consumer protection agencies	Fraud, sales deception, false advertising, other shopping complaints
State attorney general	As above, plus complaints concerned with possible criminal gyps and frauds. Also, violation of state credit regulations
Consumer action lines Examples: Newspapers, toll-free numbers (NOTE: The directory assistance number for toll-free numbers is 1-800-555-1212.)	Any consumer complaint
Local Food and Drug Administration office (check phone book under U.S. Government)	Adulterated food, drugs, cosmetics; mislabeling of same
Regional offices of Federal Trade Commission; get address from FTC, Washington, DC 20580	Deceptive business practices, misleading or fraudulent ads involving interstate companies; illegal credit practices; misleading fabric care and content labeling
National Highway Traffic Safety Administration, Office of Public Affairs and Consumer Services, 400 Seventh St. S.W., Washington, DC 20590	Safety problems with cars, tires, motorcycles, children's car seats
Consumer Advocate, U.S. Postal Service, RM 5920, L'Enfant Plaza West S.W., Washington, DC 20260	Postal service complaints, such as rude clerks, long service lines, lost or damaged packages
Office of Consumer Affairs, Civil Aeronautics Board, 1825 Connecticut Avenue N.W., Washington, DC 20428	Problems involving air travel and shipments (domestic and international)
U.S. Office of Consumer Affairs, 1009 Premier Bldg., 1725 Eye St NW, Washington, DC 20201	Any type of problem which will either be handled directly or referred to the proper agency
Consumer Product Safety Commission, Washington, DC 20207	Unsafe products, including household appliances, housewares, dangerous packaging, garden tools, textile items, toys; 24-hour hotline available for serious complaints: continental U.S., except Md.: 1-800-638-2666; Md.: 1-800-492-2937

INFORMATION SHEET

AGENCY	COMPLAINTS HANDLED
Council of Better Business Bureaus, 1150 Seventeenth St., N.W., Washington, DC 20036	Misleading business practices, fraudulent ads of national companies, and other types of deception; also national fundraising gyps
Your local Better Business Bureau	Same as above, but involving local business complaints
Major Appliance Consumer Action Panel, 20 N. Wacker Dr., Chicago, IL 60606	Problems with major appliances and repairs if dealer or manufacturer is not responsive

D. Consult legal advice if necessary

EXAMPLES: Private attorney; legal aid; small claims court; city, county, or state prosecutor

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #1 — EVALUATE A WARRANTY

NAME _____ SCORE _____

Warranties provide product information and should be carefully compared when buying goods and services. Most warranties are in effect a specified amount of time. After this period of time, the manufacturer or seller has no obligation to the buyer. Very often, proof of purchase must be given to receive warranty service. To make best use of a product warranty, read it carefully to find out what is covered by the warranty.

Use the following case study to evaluate a warranty. Answer the questions in the space provided.

CASE STUDY

Tildy Wills bought a small tape recorder. She kept the warranty and wrote all the information requested.

Five months later the tape recorder broke. No sound would come from the speaker. Tildy read the warranty and found that it covered the tape recorder for twelve months.

Tildy took the recorder back to the store where she bought it. The store clerk told her that the recorder had to be sent back to the company with postage prepaid by the customer and in the original box. The clerk showed Tildy that this information was printed on the box and not on the warranty card.

1. a. Who do you feel is responsible for fixing the tape recorder?

_____

b. Why do you feel this way? _____

_____

2. a. Do you think that printing part of the warranty information on the box is fair?

_____

_____

b. Why do you feel this way?

_____

_____

ASSIGNMENT SHEET #1

3. a. If you were Tildy, would you still have the original box after five months? _____

   b. Do you think the company's wanting the product shipped back in the original box is fair? _____

   c. Why? _____

   _____

4. a. If you were Tildy, would you buy another product made by this company? _____

   b. Why? _____

   _____

   _____

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #2 — WRITE A LETTER OF REDRESS

NAME _____ SCORE _____

What do you do when you buy a product and you have a problem with it? To solve the problem that you may have with a product, you need to complain to the right person at the right place.

A large number of consumer complaints are never answered because the consumer does not handle the complaint properly. Some consumers fail to explain the problem clearly, give the important facts and figures, or include a return address. When mailing a letter of redress, send it by registered mail. Then you will have a record of its delivery. A registered letter is hand delivered, and the receiver must sign for it.

PART I

Using your own paper, write a letter of redress. To write the letter, choose a product that you or your family has purchased recently that was not satisfactory.

ASSIGNMENT SHEET #2

EXAMPLE:

Use 8½-by-11-inch paper

Letter:

Your return address

Middle of page about 14 lines down

Your street address
Your city, State, ZIP Code
Date

4 blank lines after date

Inside company address

Customer Service Representative
Company name
Address
City, State, ZIP Code
(double space)
Dear Customer Service Representative:
(double space)

Part 1

I am writing about *(product name and model or service)* bought from *(merchant, store)* on *date*. I have enclosed a *copy* of my receipt.
(double space)

Part 2

My problem is: (tell what's wrong)
(double space)

Part 3

I know your company wishes to provide quality products and service, so I know you would want to know of my dissatisfaction. I will look forward to getting this complaint resolved.
(double space)

Body of business letter is always single spaced except for double spacing between paragraphs

Leave 4 blank lines for signature

Sincerely,

Sign name here

Pat Doe ← *Type name*
(602) XXX-XXXX *Type phone number*

Envelope:

Pat Doe
Address
City, State, ZIP Code

STAMP

Customer Service Representative
Company name
Address
City, State, ZIP Code

ASSIGNMENT SHEET #2

PART II

Before mailing your letter, check it with the checklist that follows.

CHECKLIST	YES	NO
Envelope shows my name and full address along with company address	_____	_____
(NOTE: Company address should be repeated from inside address given in letter.)		
Letter is neatly written or typed	_____	_____
I included my address and telephone number	_____	_____
Product name and model number are included	_____	_____
Place of purchase is given	_____	_____
Date of purchase is given	_____	_____
Copy of the receipt is enclosed (not the original)	_____	_____
The problem is stated in concise terms	_____	_____
Any pertinent *copies* of material such as labels or sample ads are enclosed	_____	_____
(NOTE: Be sure that these are *copies*; do not send the originals.)		
I have kept a copy of my letter of redress	_____	_____

Sample letter and checklist used with permission of the Arizona Department of Education, Instructional Materials Services.

PROTECTING THE CONSUMER
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ASSIGNMENT SHEET #3 — HANDLE IMPROPER SALES TECHNIQUES

NAME _____ SCORE _____

Have you ever purchased something and later wondered why? Did the salesperson present a sales approach that made you feel as if you must buy the product? Wise consumers protect themselves from such improper sales techniques by being informed and doing research on a product before buying.

Write the improper sales techniques used in the following case study. Also, describe how you would handle the situation.

CASE STUDY OF ED AND JULIE

Julie received a call from a man who said that he had gotten her name from Sue and Greg, neighbors of hers. Sue and Greg had told the salesman that Julie and her husband Ed were concerned about their family, which included one son, Rick, and would be interested in protecting their family against nuclear fallout.

When the salesman arrived, he seemed very friendly. He explained that he was a civil defense worker from a nearby town and was concerned about what would happen to people in the event of a nuclear war. He said that he hoped, by talking to people, he would be able to point out the dangers of nuclear war and how they should be prepared. He also showed them large pictures of many dead and severely burned people, particularly small children, after exposure to nuclear radiation.

As he continued, the salesman asked questions such as, "How long have you lived in this house?" He was recording the information on forms, and when Julie asked about this, he explained it was a survey. He continued asking questions such as "Where do you work?" "What is your weekly take-home pay?" The answers were also recorded on the form.

After about an hour, the salesman asked Julie and Ed if they thought there was any danger of nuclear fallout. The salesman showed them pictures of fallout shelters that he would recommend. From his experience and research, he felt one in particular was the best design. It could be installed on their property with very little money down. He explained how it would work and told Ed and Julie that Sue and Greg had recently had his company install the same shelter on their property. He further explained that Sue and Gred would get $100.00 if they (Ed and Julie) purchased the shelter that night! He also stated that it would be possible for Ed and Julie to receive half of their down payment as a rebate by simply giving him the names of friends whom they thought would be interested in seeing and purchasing the fallout shelter.

Julie and Ed were concerned, having seen the pictures and statistics; but the shelter was $6000.00 They could not really discuss their finances with the salesman. When they hesitated, he began to pack up his things. He asked Ed to sign the survey form so that Sue and Greg would get credit for the visit, and said he would call in the morning.

ASSIGNMENT SHEET #3

Neither Ed nor Julie could decide what to do. They discussed the problem and decided they would investigate other companies, compare prices, and ask the salesman to call back in one week.

The salesman did not call the next day as he had promised. However, several days later, Julie and Ed received a payment book from the Generous Finance Company for $8020.00—the cost of the shelter plus interest and taxes. Enclosed was a copy of the "survey" which, in fact, was a contract. At the bottom of the page it stated that the contract could be cancelled within three days of signing. However, it had already been a week since the salesman's visit, the only contact Ed and Julie had ever had with him. Construction on the shelter would begin in one week.

IMPROPER TECHNIQUES USED **HOW YOU WOULD HANDLE THE SITUATION**

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #4 — EVALUATE A LABEL

NAME _____ SCORE _____

Good labels can provide the kind of information one wants and needs for selection of products. Good labeling gives not only quality standards and grades but also important facts that you want to know.

The buyer should read labels carefully to obtain information such as (a) the weight or the volume, (b) the grade or quality, and (c) an analysis or a description of the contents.

Select at least two different kinds of labels such as a food label, clothing label, cosmetic or personal product label, and evaluate each using the following checklist. Place a (✓) in the appropriate column. Attach labels to the back of this assignment sheet.

LABEL INFORMATION	LABEL #1	LABEL #2
Specific descriptive statements		
Facts regarding quality		
Facts regarding quantity		
Grades or other similar designations		
Certificate or other mark of approval or guarantee		
Instructions for proper use and care		
Warnings		

1. Which label contained the most complete information? _____

_____

2. What other information would be useful?

Label #1 _____

_____

_____

Label #2 _____

_____

_____

ASSIGNMENT SHEET #4

3. Do you think labeling should be more strict? Why or why not?

_____

_____

_____

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #5 — EVALUATE A WRITTEN WARRANTY

NAME _____ SCORE _____

A limited warranty must clearly state what it does and does not cover. It must also tell where and how to get the service guaranteed under the warranty. Evaluate the warranty printed below to decide if it includes all the necessary information.

Sanasonic Company, MNH, or SSC will repair and exchange parts for this tape recorder free of charge in the U.S.A. and Puerto Rico in the event of a manufacturing defect, as follows:

PARTS. New or comparable rebuilt parts in exchange for defective parts for one (1) year after original purchase.

BATTERIES. (For battery-operated tape recorders.) New batteries in exchange for original batteries which fail to operate within ten (10) days after original purchase.

LABOR. Carry-in service for ninety days after original purchase.

SERVICE. Carry-in service can be obtained during the labor warranty period by bringing your unit to any Sanasonic Servicenter. To locate the Sanasonic Servicenter nearest your home, refer to the Sanasonic Servicenter directory enclosed with your tape recorder.

PARTS EXCHANGE. After your labor warranty period is over, any defective part can be exchanged under the parts warranty by bringing it to any Sanasonic Servicenter. Labor for removal and installation is available at your expense.

A purchase receipt or other proof of date or original consumer purchase will be required before warranty performance is rendered.

This warranty covers normal consumer use and does not cover damage which occurs in shipment or failure which results from alteration, accident, misuse, abuse, neglect, installation, improper maintenance, or commercial use.

This warranty gives you specific legal rights, and you may also have other rights which vary from state to state.

If a problem with this Sanasonic tape recorder develops during or after the warranty period, first contact your Sanasonic dealer or Sanasonic Servicenter. If the problem is not handled to your satisfaction, then write to the Sanasonic Consumer Affairs Division, P.O. Box X, Lostville, OK 72101.

ASSIGNMENT SHEET #5

After you have read the warranty, write answers to the questions below.

1. a. How long are parts covered under this warranty? _____

   b. What could you do about a part that breaks after the labor warranty period ends?

   _____

2. a. How long are the batteries covered? _____

   b. Which do you think would normally wear out first, parts or batteries? _____

   c. If the warranty included only parts or batteries, which would you want to be sure to have covered? _____

   Why? _____

3. a. How long is labor covered under this warranty? _____

   b. What do you think "carry-in service" means? _____

   _____

   c. What would you do if you were too far away for carry-in service? _____

   _____

   _____

4. This warranty does not cover certain kinds of damage. Describe something that could happen to the tape recorder that would not be covered by the warranty.

   _____

   _____

   _____

PROTECTING THE CONSUMER
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ASSIGNMENT SHEET #6 — INTERPRET A WRITTEN CONTRACT

NAME _____ SCORE _____

A contract is an agreement between two or more competent parties that creates an obligation enforceable by law. If one of the parties does not carry out his or her part of the agreement, the other party may take legal action. IT IS IMPORTANT YOU READ AN ENTIRE CONTRACT BEFORE YOU SIGN. Ask for an explanation of parts you do not understand.

A legally binding contract has four parts:

- The parties involved must agree on all the terms.
- There must be something of value exchanged.
- The parties making the agreement must be competent. For example, if persons are minors or are proven mentally incompetent, they are not usually considered a responsible party in the eyes of the law.
- The purpose of the contract must be legal. For example, an illegal bet cannot be enforced through a court of law.

Read the following contract and answer the questions that follow.

LEASE

Location 1515 S. Western, Nowata, Oklahoma

Monthly rent $350 Amount of deposit $60.00 Rent to begin 5/1/88

Name Terra Mussett

Number in family: 7 Adults 2 Children 5 (ages)

Name(s) of other adults in family Kirk Mussett

Present Address 412 S. Maple How long? 3 yrs. Phone 624-5678

Present Landlord Joe Cox Address 123 S. Elm

Previous Landlord Harry Smith Address 101 W. Apple Land

Name of Employer Sunnyside Grocery Position Manager

How long at this job? 2 years Name of immediate supervisor? Greg Griffith

Other adult's employer? Rogers High School Position Asst. Principal

ASSIGNMENT SHEET #6

Business Reference

Name Stock Exchange Bank Business Savings and Loan Address 456 E. Main

Relative(s) not living with you:

Name Jon Mussett Address 980 W. Hill Drive Phone (405) 631-3974

Name Address Phone

Number of Automobiles: 2

This lease made this 1st day of May , 1988 by and between Robin Hendrix, Hometown Realty of the first part, and Terra Mussett of the second part.

Witnesseth that said first party in consideration of the covenants and agreements hereinafter set forth, does by these presents demise, lease and let unto the second party, the following described property situated in the County of Hefner , State of Oklahoma, to wit:

1515 S. Western Nowata, Oklahoma

To have and to hold the same unto the second party from the 1 day of May , 1988, to the 1 day of May 1989, and said party in consideration of the premises herein set forth agrees to pay the first party as rental for the above described premises the amount of $ 350 per month.

Paid in advance on the 1st day of each and every month and being due and delinquent by the 10th of each month. The party of the second part shall deposit a $60.00 cleaning and key deposit with the party of the first part to insure against damages. The cleaning and key deposit shall be refunded in full to the second party upon leaving the premises in good or better condition than in which they received it. A $10.00 fee will be charged on all payments after the tenth of each month. If payments become 30 days past due, the party of the second part surrenders all rights to the first party and any legal recourse and automatically nulls and voids this lease and agrees to leave peaceably and agrees to pay all existing payments upon demand.

It is Further Agreed

1. That the second party shall not assign this lease or underlet said premises or any part thereof, without the previous consent in writing of the first party;

2. That at the expiration of this lease, or sooner determination thereof, the second party shall give peaceable possession of the premises to the first party and in as good condition as they are now, the usual wear and tear and damage by fire or other unavoidable casualty excepted;

3. That upon the failure of the second party to pay the rentals or any part thereof as herein provided, or to otherwise comply with the terms and conditions of this lease, then the first party may declare this lease thereby ended and determined, and re-enter and take possession of the premises, and notice of such election and demand of possession are hereby waived;

ASSIGNMENT SHEET #6

4. That this lease shall not be considered renewed except by agreement of the parties hereto;

5. That the convenants and agreements of this lease shall extend to and be binding upon the heirs, executors, administrators and assigns of the parties hereto where the context hereto requires or admits;

6. That the second party shall maintain the landscaping in a reasonable manner;

7. That the first party will be able to show the property at 1515 S. Western the last 30 days of the lease.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

_____ _____

(Signature) (Signature)

After reading the contract, answer the following questions relating to a written contract.

1. What is the date and place of agreement? _____

2. Who are the parties entering into the agreement? _____

_____

_____

3. What is the agreement covered by the contract?

_____

_____

_____

_____

ASSIGNMENT SHEET #6

4. What is the statement of the money, services, or goods given in the agreement?

_____

_____

_____

_____

5. Are the necessary signatures on the contract? Explain.

_____

_____

_____

_____

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #7 — PLAN STRATEGY TO AVOID CONSUMER FRAUD

NAME _____ SCORE _____

PART I

Frauds work because some people hope they'll get something for nothing. People who follow the advice given below are protecting themselves from swindlers. Read the suggestions for avoiding fraud and write the letter that indicates your reactions after each suggestion. You may indicate more than one reaction for each item.

SUGGESTIONS FOR AVOIDING FRAUD

1. Compare prices and values before purchasing.

   _____

2. Read and understand everything in a contract before signing. _____

3. Believe that you can't get something for nothing.

   _____

4. Examine warranties before buying. _____

5. Buy something because of what you decided and not because of pressure from a salesperson.

   _____

6. Compare sale price to decide if item is truly on sale.

   _____

7. Find out how much it will cost to buy on credit.

   _____

8. Think things over before buying. _____

   (NOTE: Don't buy on impulse!)

A. I usually follow this advice.

B. Forgetting to follow this advice has caused problems for me

C. I hope to improve in this area

D. I think that most people could improve in this area.

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #8 — EVALUATE A LETTER OF COMPLAINT

NAME _____ SCORE _____

Perhaps you've had trouble with something you've bought. Can you write a good letter explaining what you think should be done? Assume that you've written the letter of complaint printed here. After reading the letter, answer the questions on the next page.

Amie Stone
790 S. Adams
Smalltown, OK 12345
July 1, 1988

Robert Gauntlett
Customer Service Manager
Jeans and Shirts, Incorporated
631 Fifth Avenue
Iowa City, IA 52240

Dear Mr. Gauntlett:

On June 17, 1988, I paid $17.95 for a patchwork shirt made by Jeans and Shirts, Incorporated. I bought it at JEAN SCENE, which is located at 2525 W. 39th in Oklahoma City, Oklahoma. A copy of the sales slip is enclosed. Although I followed the washing instructions on the label, the first time the shirt was washed, it was completely ruined. The colors ran together, and most of the seams came apart.

Bill Johnson, the manager of JEAN SCENE, refused to return my money when I brought the shirt back on June 23, 1988. I feel that Jeans and Shirts, Incorporated should refund the purchase price to me.

Sincerely,

Amie Stone

ASSIGNMENT SHEET #8

1. Why should you be sure to include your own address and the date when you write a business letter? _____

2. What are the advantages of finding the name of one of the company's executives and addressing your letter to him or her? _____

3. Where might you be able to get a company's address? _____

4. What does this letter say that the company should do? _____

_____

5. Why would it be a good idea to keep a copy of your letter for yourself?

_____

_____

6. Would you send a copy of your original warranty and sales slip with a letter of complaint?

_____

Why or why not? _____

_____

_____

PROTECTING THE CONSUMER
UNIT IV

ASSIGNMENT SHEET #9 — IDENTIFY AGENCIES TO HANDLE COMPLAINTS

NAME _____ SCORE _____

The last step in making a consumer complaint is to report action to the correct place if the manufacturer is not helpful. Consider the following situations. In each situation consumers followed the steps in making complaints and received no help from the manufacturer. Identify the agency that you would contact to handle the following complaints. Use unit information and other available resources to assist you in completing this assignment.

COMPLAINT	AGENCY YOU WOULD CONTACT
1. Betty discovered that the labeling was incorrect on the makeup she just bought.	_____
2. The post office lost a package that Bill mailed last Christmas.	_____
3. Jamie found that the FHA fund raising project was not properly represented by the company.	_____
4. Bryan has had problems with his refrigerator since he bought it.	_____
5. Joyce found that the fabric she purchased and cared for as directed on the care label was ruined when she followed instructions.	_____

ASSIGNMENT SHEET #9

COMPLAINT	AGENCY YOU WOULD CONTACT
6. Tom has had problems with tires that he purchased recently.	_____
	_____
	_____
7. Bryan joined a record club and found that the advertisement he responded to was false. He has received bills for merchandise that he has never received.	_____
	_____
	_____

PROTECTING THE CONSUMER
UNIT IV

ANSWERS TO ASSIGNMENT SHEETS

Assignment Sheet #1 — Completed to the satisfaction of the instructor

Assignment Sheet #2 — Completed to the satisfaction of the instructor

Assignment Sheet #3 — Suggested answers for Improper Technique Used are given. Student answers for How You Would Handle the Situation should be completed to the satisfaction of the instructor.

IMPROPER TECHNIQUE

Referral sales approach

Appealed to emotions of couple as parents by showing pictures

Said a contract was a survey

Told of how friends would get money if they bought that night

Asked them to sign immediately what he said was a "survey," but was actually a contract

Couple were not given a copy of contract at time of signing

Salesman states that he is saving lives, but he also makes sales

Did promise to call back the next day, but did not call

Did not give the amount of cost including interest

Assignment Sheet #4 — Completed to the satisfaction of the instructor

Assignment Sheet #5 —

1. a. One (1) year after original purchase
   b. Any defective part can be exchanged under the parts warranty by bringing it to any Sanasonic Servicenter; labor for removal and installation is available at your expense

2. a. 10 days
   b. Batteries
   c. Parts; evaluated to the satisfaction of the instructor

ANSWERS TO ASSIGNMENT SHEETS

3. a. Carry-in service for 90 days after original purchase
   b. Customer brings appliance to repair shop or service center
   c. Evaluated to the satisfaction of the instructor

4. Evaluated to the satisfaction of the instructor

Assignment Sheet #6

1. May 1, 1988; 1515 S. Western, Nowata, Oklahoma

2. Terra Mussett and Robin Hendrix, Hometown Realty

3. Terra Mussett will lease the property at 1515 S. Western for one year. She will not sublease any part of property; she will leave peaceably at the end of the lease period; she will leave the property in as good condition as it was when she arrived; if she does not pay within 30 days of due date, she voids the lease and must leave the premises; she may renew the lease upon agreement of both parties; her heirs are responsible for the lease if something happens to Terra; Terra will maintain landscaping; and she will allow the property to be shown the last 30 days of the lease; she will pay $350 per month; she will pay a $60.00 deposit refundable upon leaving property in good condition; she will pay a $10.00 late fee if payment is made after the 10th of the month.

4. Terra will pay $350 per month for rent of property at 1515 S. Western and a $60 deposit. The deposit is refundable in full if she leaves the property in as good condition as it was when she moved in.

5. The parties have not signed the contract yet. Both parties must sign the contract for it to be valid and legal.

Assignment Sheet #7 — Completed to the satisfaction of the instructor

Assignment Sheet #8 — Completed to the satisfaction of the instructor

Assignment Sheet #9

1. Local Food and Drug Administration

2. Consumer Advocate
   U.S. Postal Service
   Room 5920
   L'Enfant Plaza, West S.W.
   Washington, DC 20260

3. Council of Better Business Bureaus
   1150 Seventeenth St., N.W.
   Washington, DC 20036

ANSWERS TO ASSIGNMENT SHEETS

4. Major Appliance Consumer Action Panel
   20 N. Wacker Dr.
   Chicago, Illinois 60606

5. Regional offices of Federal Trade Commission

6. National Highway Traffic Safety Administration
   Office of Public Affairs and Consumer Services
   400 Seventh St., S.W.
   Washington, DC 20260

7. City and county consumer protection agencies

PROTECTING THE CONSUMER
UNIT IV

TEST

NAME _____ SCORE _____

1. Match terms associated with consumer protection to their correct definitions. Write the correct numbers in the blanks.

_____a. Court that simplifies and speeds up the handling of minor cases

_____b. Settlement of a dispute by a person or persons chosen to hear both sides and come to a decision

_____c. Person charged in legal action

_____d. Written guarantee of a product's quality and operation and of the maker's responsibility for replacing or repairing defective parts

_____e. Legal proceeding that declares a person unable to meet financial obligation and divides the person's assets among creditors

_____f. Suing party

_____g. Compensation for a wrong or loss

_____h. Actual rate of interest figured on a yearly rate

_____i. Binding agreement between two or more persons

_____j. Statement of approval for a person or product as in an advertisement

_____k. Legal action by one or more plaintiffs for themselves and all other persons who have suffered from the same situation

_____l. False representation that leads to the deception of the consumer

1. Endorsement
2. Annual percentage rate
3. Arbitration
4. Small-claims court
5. Bankruptcy
6. Warranty
7. Contract
8. Redress
9. Class action
10. Plaintiff
11. Defendant
12. Fraud

TEST

2. Select from the following list situations that signal need for consumer protection. Write an "X" in the blank before each correct answer.

_____a. You appear to have been specially selected

_____b. You are given ample time to decide on product before contract is signed

_____c. You are given a chance to try product and then make a decision about buying

_____d. You appear to be getting something for nothing

_____e. You are promised high earnings without work experience

_____f. You are given three days to cancel a contract if a product is sold at your home

_____g. Your home appears to have been selected to be a model demonstration unit

_____h. You are being pressured to decide right away

_____i. You are given a thorough explanation of the contract by the salesperson

3. Match improper sales techniques to their correct descriptions. Write the correct numbers in the blanks.

_____a. Products are mailed to an individual without request or consent

_____b. Consumers learn that there are other conditions for receiving prize

_____c. Promises are made that are not true

_____d. Companies falsely state or imply that products are endorsed or approved

_____e. Consumer intends to buy item that was advertised at a low price; but the seller, hoping to sell a more expensive item, downgrades the advertised item or indicates that the product is sold out

_____f. Salesperson uses the name of friends of the customer to influence a decision to buy

1. Unordered merchandise
2. False claim about features or consequences
3. Bait and switch
4. Referral sales approach
5. Contest winner or free goods
6. False testimonial, endorsement, or certification

TEST

4. Name five types of consumer protection.

   a. _____

   b. _____

   c. _____

   d. _____

   e. _____

5. Select from the following lists guidelines that help consumers prevent problems. Write an "X" in the blank before each correct answer.

   a. Before you buy

      _____1) Watch for sales and specials on products you use

      _____2) Make decision on what brands to buy before doing any shopping

      _____3) Read advertisements and other consumer information to get the facts

      _____4) Select product on first impression

      _____5) Compare product quality, prices, and services of different stores

      _____6) Consider only name brands

      _____7) Check for the best time of year to buy certain products

      _____8) Determine your needs and wants

      _____9) Compare quality and prices of different brands

   b. When you buy

      _____1) Buy only products that are attractively displayed

      _____2) Deal only with business or individual who has a good reputation for service

      _____3) Compare credit costs

      _____4) Accept word of salesperson concerning warranties

      _____5) Read contract before signing, and know all facts

      _____6) Beware of salespeople who try to sell you more than you need or want

TEST

_____7) Make sure the price is what you are willing and able to pay

_____8) Take substitutions for sale item at salesperson's suggestion

_____9) Make sure the product is exactly what you need and want

_____10) Check guarantees and warranties for repair and/or replacement information

c. After you buy

_____1) Skim instruction booklet before trying new product

_____2) Date and file each warranty, contract, instruction booklet, and warning label

_____3) Take advice of a friend as to how product should operate

_____4) Use products properly, according to instructions and safety warnings

_____5) Return product to store where purchased if not satisfied

6. State three ways that consumers can report faulty products to manufacturers.

a. _____

_____

b. _____

_____

c. _____

_____

7. Select from the following list guidelines for writing a letter of redress. Write an "X" in the blank before each correct answer.

_____a. Write a letter in pencil

_____b. Make reasonable requests

_____c. Send original items such as sales receipts and labels

_____d. Be persistent

_____e. Include specific facts about the product or service that is not satisfactory

_____f. Write the company a letter as soon as you know there is a problem

TEST

_____g. Use pretty, decorative stationary

_____h. Keep a copy of the letter and record dates and names of persons contacted

_____i. Direct your complaint to the right person at the right office

8. Match federal consumer protection laws to their correct descriptions. Write the correct numbers in the blanks.

_____a. Lets consumers know exactly what the credit charges are on purchases and loans; credit cost must be stated both in dollars and cents and as an annual percentage rate

_____b. Requires that manufacturers label each new car, listing its suggested retail price, the price of any extras, and the total price

_____c. Assures consumers of the safety, purity, and wholesomeness of food; safety and effectiveness of drugs; and safety of cosmetics

_____d. Requires that certain facts such as net content, size of serving, and list of ingredients in order of decreasing weights, be made known to the consumer

_____e. Protects children from dangerous goods, including dangerous toys; this law bans the shipment and sale of such dangerous items from state to state

_____f. Requires that labels list such things as precautions for use and first-aid procedures in case of accidents

_____g. Sets minimum standards for written warranties and states provisions for class-action suits if a warranty is not fulfilled

_____h. Enables consumers to check information about themselves kept on file by a credit bureau; consumers may ask a credit bureau for the source of the information in their file and the names of those who have been given a credit report on the consumer within the past six months

_____i. Requires labels on textiles to list fiber content by weight, and manufacturer's name and address

1. Fair Packaging and Labeling Act (Truth in Packaging)
2. Automobile Information Disclosure Act
3. Consumer Credit Protection Act (Truth in Lending)
4. Food, Drug, and Cosmetic Act
5. Fair Credit Reporting Act
6. Child Protection and Toy Safety Act
7. Textile Fiber Products Identification Act
8. Warranty-Federal Trade Commission Improvement Act
9. Federal Hazardous Substances Labeling Act

TEST

9. Select from the following list characteristics of state and local legislation for consumer protection. Write an "X" in the blank before each correct answer.

_____a. May regulate policies for companies and institutions

_____b. Usually county court clerk influences decisions concerning consumer protection legislation

_____c. Usually each county regulates its own policies

_____d. Vary widely across country

_____e. Usually regulated by the corporation commission or attorney general's office

10. Match types of consumer protection groups to their correct functions. Write the correct numbers in the blanks.

_____a. Provide a voluntary means of settling complaints by appointing an impartial person or panel to listen to both sides before reaching a decision that is binding on both parties

_____b. Provide a means of supporting consumer needs through use of group power strategies

_____c. Advise industries of consumer concerns about their products and services

_____d. Provide a means of supporting consumer needs through use of group power strategies

1. Citizens' organizations
2. Arbitration services
3. Consumer-action panels
4. Consumer-affairs departments

11. List three sources of consumer protection.

a. _____

b. _____

c. _____

12. Select from the following list information required on a written contract. Mark each correct answer with an "X."

_____a. Date and place of the agreement

_____b. Race, age, sex, and marital status

_____c. Statement of money, services, or goods given in agreement

_____d. Signatures of both parties or of legal agents

TEST

_____e. Social security number

_____f. Names and identification of parties entering into agreement

_____g. Statement of agreement covered by contract

13. Discuss precautions in signing contracts.

_____

_____

_____

_____

_____

_____

_____

_____

_____

14. Discuss how a contract becomes defective.

_____

_____

_____

_____

_____

_____

15. Arrange in order steps in making a consumer complaint by placing a "1" by the first step, a "2" by the second step, and so on.

_____a. Consult legal advice if necessary

_____b. Write to the manufacturer if store is unable or unwilling to help you

_____c. Report action to correct agency if manufacturer is not helpful

_____d. Return to place where you purchased the item or service and explain your problem in a factual manner

(NOTE: Test items 16 through 24 list the assignment sheets. They are an important part of this test. If they have not been completed, check with your instructor.)

16. Evaluate a warranty.

17. Write a letter of redress.

18. Handle improper sales techniques.

19. Evaluate a label.

20. Evaluate a written warranty.

21. Interpret a written contract.

22. Plan strategy to avoid consumer fraud.

23. Evaluate a letter of complaint.

24. Identify agencies to handle complaints.

PROTECTING THE CONSUMER
UNIT IV

ANSWERS TO TEST

(NOTE: It may be helpful to use your blank test to make a test key.)

1. a. 4
   b. 3
   c. 11
   d. 6
   e. 5
   f. 10
   g. 8
   h. 2
   i. 7
   j. 1
   k. 9
   l. 12

2. a, d, e, g, h

3. a. 1
   b. 5
   c. 2
   d. 6
   e. 3
   f. 4

4. Answer should include any five of the following.

   a. Personal knowledge of consumer rights
   b. Personal knowledge of consumer information
   c. Personal willingness to acept responsibility for consumer protection
   d. Federal, state, and local laws
   e. Consumer protection groups
   f. Small-claims court
   g. Legal counsel
   h. Bankruptcy

5. a. 1, 3, 5, 7, 8, 9
   b. 2, 3, 5, 6, 7, 9, 10
   c. 2, 4, 5

6. Answer should include any three of the following.

   a. Return product in accordance with warranty
   b. Write letter to the manufacturer or main office of company
   c. Contact the appropriate government agency or get help from a consumer organization
   d. Take legal action

ANSWERS TO TEST

7. b, d, e, f, h, i

8.
a. 3	f. 9
b. 2	g. 8
c. 4	h. 5
d. 1	i. 7
e. 6	

9. a, d, e

10.
a. 2
b. 4
c. 3
d. 1

11. Answer should contain any three of the following.

a. Federal consumer agencies
b. State and local consumer agencies
c. Private sources
d. Seals of approval
e. Professional associations
f. Better Business Bureaus

12. a, c, d, f, g

13. Discussion should include the following.

a. Read entire contract before you sign
b. Ask for explanations of parts you do not understand
c. Make sure contract states all conditions and promises as you understand them
d. Do not accept your copy without signature of other party on contract
e. Keep your copy of contract in a safe place
f. Never sign a contract with blanks lines
g. Initial any changes you make on contract, and have other party do the same
h. Note any payments made at time contract is entered into on the contract, or obtain separate receipt

ANSWERS TO TEST

14. Discussion should include the following.

    a. If there is fraud in the form of misrepresentation or concealment of vital facts
    b. If a person makes an agreement as a result of threat or the use of violence
    c. If there has been unnecessary and unfair influence and pressure to the extent that one person has not reached the agreement through his or her own judgment
    d. If there is a mistake as to the nature of the agreement, to the identity of the party, to the possibility of performance, or to the identity of the subject matter

15. a. 4 c. 3
    b. 2 d. 1

16. Evaluated to the satisfaction of the instructor.

17. Evaluated to the satisfaction of the instructor.

18. Evaluated to the satisfaction of the instructor.

19. Evaluated to the satisfaction of the instructor.

20. Evaluated to the satisfaction of the instructor.

21. Evaluated to the satisfaction of the instructor.

22. Evaluated to the satisfaction of the instructor.

23. Evaluated to the satisfaction of the instructor.

24. Evaluated to the satisfaction of the instructor.

USING FINANCIAL SERVICES
UNIT V

UNIT OBJECTIVE

After completing this unit, the student should be able to write deposit tickets and checks, keep a check register, and reconcile a bank statement. This knowledge will be shown by completing assignment sheets and unit test with a minimum score of 85 percent.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with financial services to their correct definitions.
2. Select from a list functions of a bank.
3. Arrange in order steps to take when opening a checking account.
4. Select from a list advantages of a checking account.
5. Identify types of check endorsements.
6. State ways to request stop payment on a check.
7. Select from a list points to remember when writing checks.
8. Arrange in order the steps in writing a check.
9. Select from a list points to remember when writing deposit slips.
10. Arrange in order steps in writing a deposit slip.
11. Select from a list reasons for keeping a check register.
12. Enter checks, deposits, and service charges in a sample checkbook register.
13. State reasons for reconciling a bank statement.
14. Arrange in order steps in reconciling a bank statement.
15. Select from a list steps in opening a savings account.
16. List reasons for saving money.
17. List factors to consider in selecting investments.
18. List guidelines for saving money.

OBJECTIVE SHEET

19. Match financial institutions that offer savings plans to their correct descriptions.
20. Match types of savings methods to their correct descriptions.
21. List guidelines for using an automatic teller machine (ATM) card.
22. Survey local banking services.
23. Write checks.
24. Write deposit slips.
25. Keep a check register.
26. Reconcile a bank statement.
27. Develop a savings plan.

USING FINANCIAL SERVICES
UNIT V

SUGGESTED ACTIVITIES

I. Unit contents

- A. Objective sheet
- B. Suggested activities
- C. Supplements
  1. Supplement #1 — Banking Services
  2. Supplement #2 — Types of Checking Accounts
  3. Supplement #3 — Items That Should Be Included on a Check
  4. Supplement #4 — Interpretation of the Stock Market Report in the Newspaper
  5. Supplement #5 — Banking Crossword Puzzle
- D. Transparency masters
  1. TM #1 — Signature Card
  2. TM #2 — Checking Account Deposit Slip
  3. TM #3 — Savings Account Deposit Slip
  4. TM #4 — Savings Withdrawal Slip
  5. TM #5 — Blank Personal Check
  6. TM #6 — Completed Personal Check
  7. TM #7 — Blank Check Register
  8. TM #8 — Bank Statement (Front)
  9. TM #9 — Bank Statement (Back)
- E. Information sheet
- F. Assignment sheets
  1. Assignment Sheet #1 — Survey Local Banking Services
  2. Assignment Sheet #2 — Write Checks

3. Assignment Sheet #3 — Write Deposit Slips

4. Assignment Sheet #4 — Keep a Check Register

5. Assignment Sheet #5 — Reconcile a Bank Statement

6. Assignment Sheet #6 — Develop a Savings Plan

G. Answers to assignment sheets

H. Test

I. Answers to test

II. Instructor's guide

A. Obtain materials to supplement unit.

1. *You and Your Community Bank*. St. Albans, West Viginia: NOW Communications, Inc., 1986.

   Contains information about banking services, the federal reserve system, electronic banking, various types of accounts. It also contains exercises for the students in filling out checks and deposit slips and reconciling bank statements along with other activities.

2. *You and Your Checkbook*. St. Albans, West Virginia: NOW Communications, Inc., 1986.

   Provides additional exercises for students in writing checks, maintaining a check register, making deposits, and reconciling bank statements.

   The above materials are available from The NOW Corporation, P.O. Box 1366, St. Albans, West Virginia 25177.

B. Make transparencies.

C. Discuss unit and specific objectives.

- Explain that the purpose of this unit is to help students become aware of what services are available to them through their local banks and to learn how to manage checking and savings accounts properly.

- Ask how many students already have checking or savings accounts. For those who have accounts, ask them to briefly explain how they opened their accounts.

- Ask students to make a list of the services that are available through the bank. (Have them save the list to compare to Information Sheet at a later time.)

SUGGESTED ACTIVITIES

D. Discuss information and assignment sheets.

1. Review terms and definitions relevant to this unit; use Information Sheet, Section I.

2. Use Supplement #1 to give examples of banking services.

   - Have students complete Assignment Sheet #1 to learn more about banking services locally.
   - Go over answers in class discussion. Have students compare survey results.
   - Use *Your Community Bank* to supplement the information on banking services.
   - Invite a banking representative to class to discuss the types of services it offers to its customers.

3. Discuss the steps to take when opening a checking account; use Information Sheet, Section III.

   - Use Supplement #2 to discuss different types of checking accounts.
   - Show TM #1 so students will know what a signature card looks like.

4. Explain the advantages of a checking account using Information Sheet, Section IV.

   - Ask students how many times they have needed a receipt for something they purchased and could not find it. Discuss the receipt value of checking accounts.
   - Review the advantages by using *Your Community Bank* information on the advantages of checking accounts.

5. Discuss the types of check endorsements using Information Sheet, Section V.

   - Have students bring examples of cancelled checks so they can look at the different ways of endorsing checks.
   - Use *Your Community Bank* to provide additional illustrations of endorsements.

6. Explain two ways to stop payment on a check using Information Sheet, Section VI.

   - Have students think of reasons they would need or want to stop payment on a check. Discuss these reasons in class.

7. Discuss points to remember when writing checks using Information Sheet, Section VII.

   - Use Supplement #3 to review items that should be included on a check.

SUGGESTED ACTIVITIES

8. Explain the steps in writing a check using sections of a blank personal check.

   - Use TM #5 to show students the various sections of a blank personal check.
   - Use TM #6 to show students what a completed personal check looks like.
   - Have students complete Assignment Sheet #2 and go over answers in class.
   - Use *Your Community Bank* and *You and Your Checkbook* to provide students with additional practice in writing checks.

9. Go over points to remember when writing deposit slips using Information Sheet, Section IX.

   - Use TM #2 to show students what a deposit slip for checking accounts looks like.

10. Introduce the steps in writing deposit slips; use Information Sheet, Section X.

    - Use TM #3 to show students what a savings account deposit slip looks like.
    - Have students complete Assignment Sheet #3.
    - Go over answers in class.
    - Use *Your Community Bank* and *You and Your Checkbook* to provide additional practice in writing deposit slips.

11. Discuss reasons for keeping a check register; use Information Sheet, Section XI.

    - Ask students with checking accounts how many of them have forgotten to record a check at the same time as writing it and then forgot to whom the check was written and for how much. Discuss this problem in class.

12. Explain the process of entering checks, deposits, and service charges in a checkbook register; use Information Sheet, Section XII.

    - Use TM #7 to show students what a checkbook register looks like.
    - Have students complete Assignment Sheet #4.
    - Go over answers in class.
    - Use *Your Community Bank* and *You and Your Checkbook* for additional practice in keeping a check register.

SUGGESTED ACTIVITIES

13. Discuss the reasons for reconciling a bank statement using Information Sheet, Section XIII.

14. Explain the process of reconciling a bank statement using Information Sheet, Section XIV.

    - Use TMs #8 and #9 to show what a bank statement looks like
    - Have students complete Assignment Sheet #5.
    - Go over answers in class.
    - Use *Your Community Bank* and *You and Your Checkbook* to provide additional practice reconciling a bank statement.

15. Review the steps in opening a savings account.

    - Show TM #3 to illustrate a savings account deposit slip.
    - Show TM #4 to illustrate a savings account withdrawal slip.

16. Discuss reasons for saving money using Information Sheet, Section XVI.

    - Ask students if they have savings accounts. If yes, ask them what they are saving for.
    - Take the class on a tour of a bank. While there, have students locate as many of the services discussed as possible. Have them ask questions about aspects they do not understand.

17. Discuss factors to consider in selecting investments using Information Sheet, Section XVII.

    - Use Supplement #4 to explain how to read the stock market page in the newspaper.
    - Invite a stock broker or financial advisor to come to class to provide more information on investments.

18. Discuss guidelines for saving money using Information Sheet, Section XVIII.

    - Ask students to discuss how they think they can save money more effectively.

19. Introduce financial institutions that offer savings plans; use Information Sheet, Section XIX.

20. Discuss different types of savings methods using Information Sheet, Section XX.

    - Use *Your Community Bank* to supplement types of savings plans.
    - Have students complete Assignment Sheet #6.

- Go over answers and discuss in class.

21. Introduce guidelines for using automatic teller machines (ATM); use Information Sheet, Section XXI.

    - Use *Your Community Bank* for more information on ATMs.

E. Give test

F. Critique test and discuss in class

G. Reteach and retest as necessary

III. Unit references

A. Eacret, Teresa et al. *English II*, rev. ed. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1983.

B. Nelson, Frank W. *Group Instruction for Cooperative Training Programs*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

C. Serviss, Emalee, and Tom Worley. *Banking and Savings and Loan*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1980.

USING FINANCIAL SERVICES
UNIT V

SUPPLEMENT #1 — BANKING SERVICES

Checking accounts — Deposits from businesses and individuals from which money is paid out when the depositors write checks

Savings accounts — Deposits from businesses and individuals on which interest is paid by bank

Bank drafts and special checks — Checks available for individual's use to make payment to someone who will not accept a personal check

(NOTE: A small fee is usually charged for handling bank drafts and special checks.)

EXAMPLES: Bank draft, certified check, cashier's check, bank money order, traveler's checks

Loans — Money borrowed by consumer with the promise to pay it back later plus interest

Individual Retirement Accounts (IRA) — Accounts to which taxpayers may make annual tax deductible contributions up to certain amounts

USING FINANCIAL SERVICES
UNIT V

SUPPLEMENT #2 — TYPES OF CHECKING ACCOUNTS

Individual — Checking account on which only one person can write checks. It is usually used by single people.

Joint — Checking account on which two or more person can legally write checks; most common with married people.

Money market — Checking account that earns interest. It usually has a small number of checks that can be written on it each month and has a larger minimum amount to open the account than other types of checking accounts (i.e. $2500). Because the balance must remain at a certain amount (usually the same as the amount to open the account), this type of account may draw higher interest than other accounts.

USING FINANCIAL SERVICES
UNIT V

SUPPLEMENT #3 — ITEMS THAT SHOULD BE INCLUDED ON A CHECK

Check number

Date

Payee's name

Amount in figures

Amount in words

Signature

Purpose

USING FINANCIAL SERVICES
UNIT V

SUPPLEMENT #4 — INTERPRETATION OF THE STOCK MARKET REPORT IN THE NEWSPAPER

Column 1 — Company name

Column 2 — Sales for the day stated in 100's

EXAMPLE: 29 means 2900 shares of stock were bought and sold during that day

Column 3 — Opening price that day

Column 4 — Highest bid that day

Column 5 — Lowest bid that day

Column 6 — Last selling price for the day

Column 7 — Net change from the close of the previous day

(NOTE: Some newspapers will show additional information, such as the highest and lowest price the preceding year or current year to date and the preferred stock dividend. The newspaper stock market report will include the information in the box in the example below, but the headings will probably be abbreviated.

EXAMPLE:

	1987	1	2	3	4	5	6	7
*High	Low	Stock &	Sales					Net
80	69	Dividends	in 100's	Open	High	Low	Close	Changes
		Teledyne pf6	9	76 1/2	76 1/2	75 3/4	75 3/4	-1/4

Column 1: Teledyne company's preferred stock, paying $6.00 *per share annually*

Column 2: Sales for the day stated in 100's — 900 shares traded this day

Column 3: Market opened at $76.50 per share

Column 4: High for the day — $76.50

Column 5: Low bid for the day — $75.75

Column 6: Market closed at $75.75 per share

*Large newspapers across the country carry this symbol — Represents the stock's highest and lowest prices for the current year.

SUPPLEMENT #4

Column 7: Net change from close of stock previous day to close of stock for present day down $0.25

(NOTE: This is not necessarily the same as the difference between the open and close of stocks for one day.

Sample problem for class to work:

Interpret the following stock market report from the newspaper.

a.	b.	c.	d.	e.	f.	g.	h.
Xerox	.80	185	119 1/2	115 1/4	114 1/2	115 1/4	-4

a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

g. _____

USING FINANCIAL SERVICES
UNIT V

SUPPLEMENT #5 — BANKING CROSSWORD PUZZLE

Using the banking clues below to complete the crossword puzzle on the following page. You may refer to Section I of your Information Sheet.

ACROSS

2. Banking account against which depositor may write checks (2 wds.)
8. Deposit that has not reached and been recorded by the bank; does not appear on bank statements (2 wds.)
12. Unit of power
13. Amount of money checking account holder has in bank
15. Abbreviation for "very important person"
16. Opposite of *found*
17. Person who places money in bank account
18. What most people get from the bank to buy a car
19. Heavy piece of timber used as a roof support
20. Form used to withdraw money from a checking account
21. Money placed in a bank account
22. Person or business to receive payment; person or business to whom you write a check
23. Check written when there is no money, or not enough money, in your checking account
26. Past tense of pay
27. The first word in many fairy tales
28. To sign your name on the back of a check written to you
31. Dollars and _____
32. Monthly report provided by the bank of deposits, checks, service charges, and balances (2 wds.)
34. Part of checkbook in which record is kept of checks written, deposits made, service fees charged, and account balance (2 wds.)

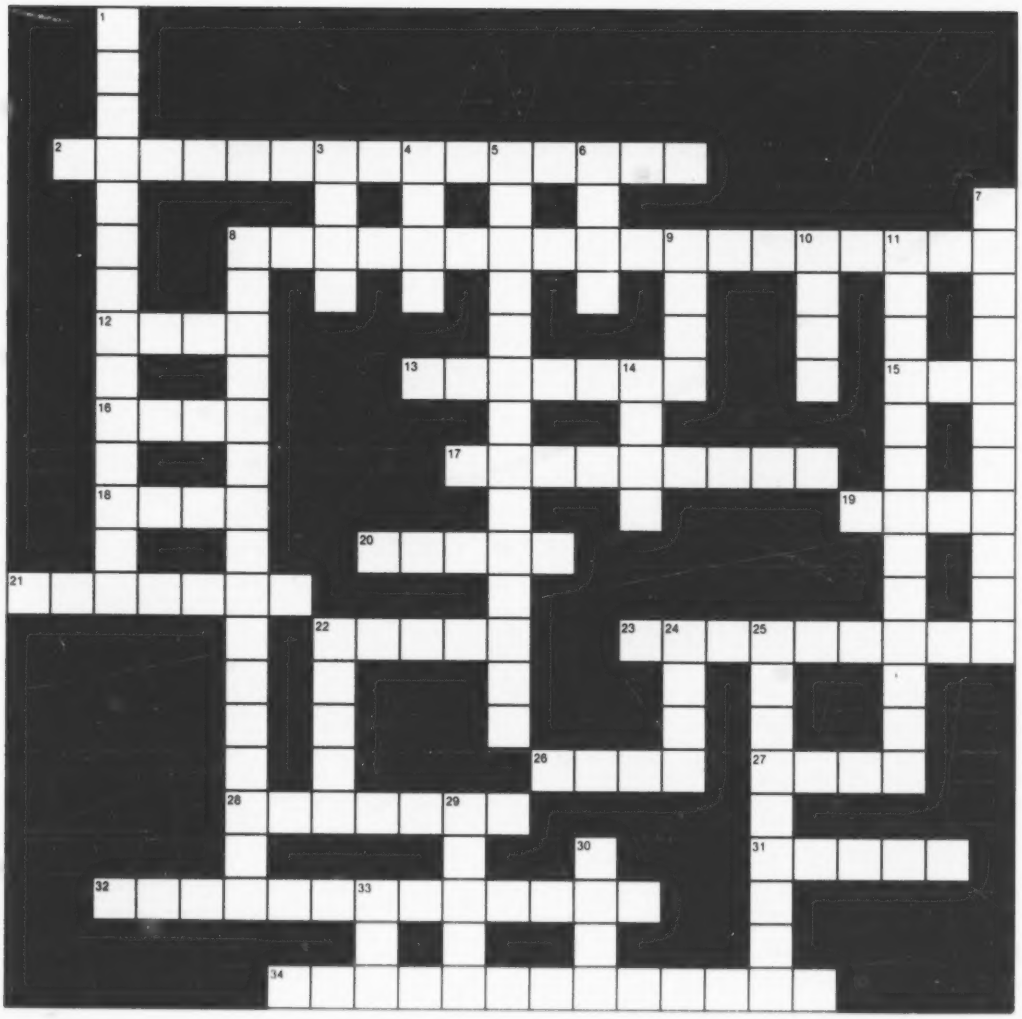
DOWN

1. Form similar to a check; used to withdraw money from a savings account (2 wds.)
3. A short letter; a thank you _____
4. Abbreviation for automobile
5. Check that has been paid by the bank (2 wds.)
6. The smallest whole number; one
7. Instructions to the bank from a customer requesting that the bank not pay a check (2 wds.)
8. Check that has not reached and been recorded by the bank; does not appear on the bank statement (2 wds.)
9. Opposite of *take*
10. Opposite of *rich*
11. Fee a bank charges for its services
14. What you like to have a lot of in your bank account

SUPPLEMENT #5

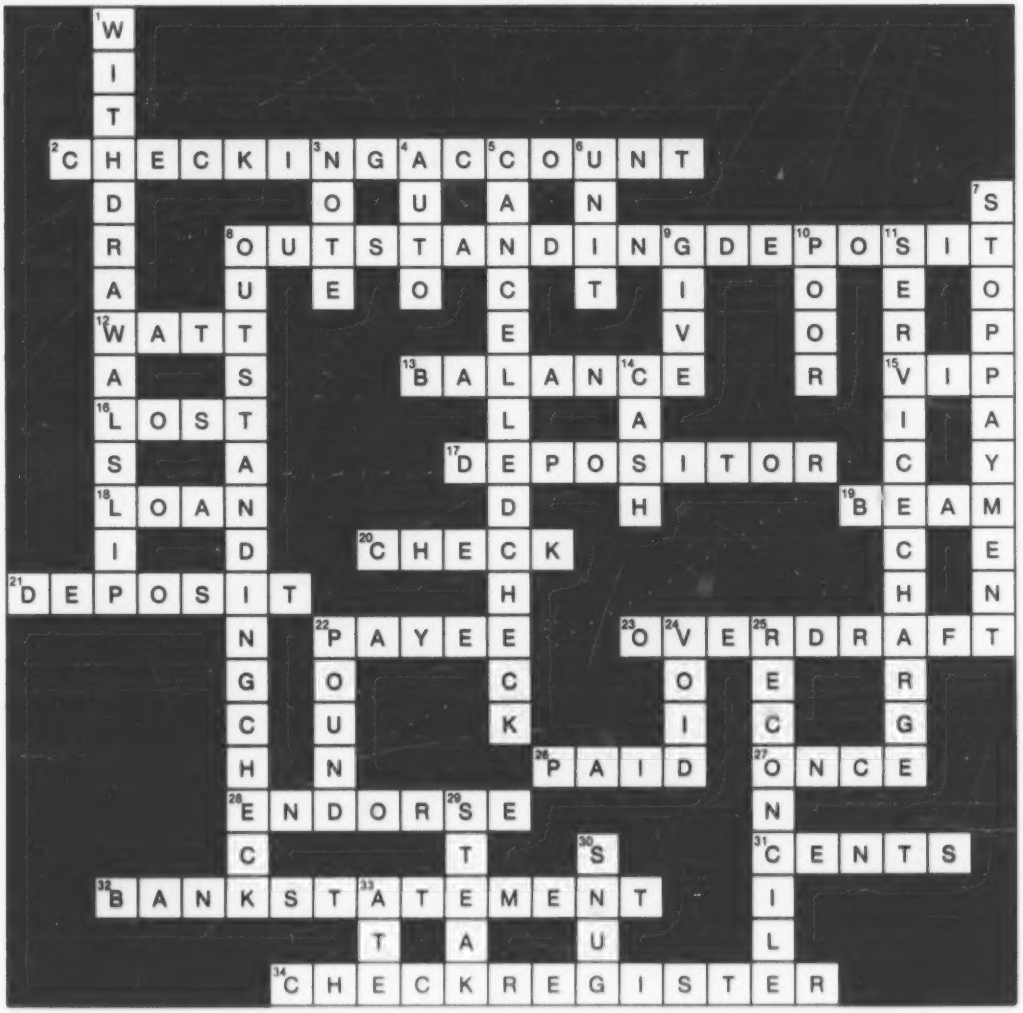
22. Sixteen ounces; British dollar
24. Not legally binding; useless
25. To make your checkbook register agree with bank statement balance
29. What you can afford to eat if you have a savings account
30. Tight or close fit; rhymes with *bug*
33. Past tense of *eat*

SUPPLEMENT #5



SUPPLEMENT #5

ANSWERS TO CROSSWORD PUZZLE


1 W
I
T
2 C H E C K I 3 N G 4 A C 5 C O 6 U N T
D O U A N 7 S
R 8 O U T S T A N D I N 9 G D E 10 P O 11 S I T
A U E O C T I O E O
12 W A T T E V O R P
A S 13 B A L A N 14 C E R 15 V I P
16 L O S T L A I A
S A 17 D E P O S I T O R C Y
18 L O A N D H 19 B E A M
I D 20 C H E C K C E
21 D E P O S I T H H N
N 22 P A Y E E 23 O 24 V E 25 R D R A F T
G O C O E R
C U K I C G
H N 26 P A I D 27 O N C E
28 E N D O R 29 S E N
C T 30 S 31 C E N T S
32 B A N K S T 33 A T E M E N T I
T A U L
34 C H E C K R E G I S T E R

Signature Card

THE STUDENTS' BANK OF OKLAHOMA			
			ACCT. #
TYPED ACCOUNT TITLE			
HOME ADDRESS			HOME PHONE
SS#	TYPE OF ACCT.	INDIVIDUAL OTHER	JOINT
BUSINESS OR EMPLOYER			
FORMER BANK REFERENCE		AFFILIATED ACCOUNTS	
REFERRED BY	INITIAL DEPOSIT		DATE OPENED
OPENED BY		ASSIGNED TO	
REMARKS			

Front

DEPOSITOR'S CONTRACT ACCOUNT #_____

Bank is authorized to recognize any signature on this card in payment of funds or transaction of business for this Account. Checks and other items for deposit or collection are accepted subject to the conditions set forth hereon. Bank acts only as Depositors' collecting agent and assumes no responsibility beyond its exercise of due care. All checks and other items are credited to Depositors' Account subject to final payment and to receipt of proceeds of final payment in cash or its equivalent by Bank at its office. Bank may forward checks and other items to correspondent banks for collection and Bank shall not be liable for default or negligence of correspondents or for losses of checks and other items while in transit. Checks, other items, and their proceeds may be handled by any Federal Reserve Bank in accordance with applicable Federal Reserve Rules and by Bank or any of its correspondents in accordance with common bank usage or other lawful means. Bank may charge back to the Depositors' Account any check or item which is drawn against insufficient funds, or which is otherwise not good or payable. Any checks or other item received after Bank's regular cut off time shall be deemed received the next business day. In collecting items Bank and any subsequent collecting Bank is hereby designated an agent of each Depositor.

The Account, if a checking account, whether active or inactive, shall be subject to Bank's schedule of service charges in effect from time to time.

No stop payment request, renewal or revocation shall be valid unless received in writing at Bank.

If Account has been opened by any person for the benefit of a minor, and if withdrawals may be made by such minor, all other Depositors agree to indemnify and hold Bank harmless against loss or liability arising therefrom.

If this is a joint Account, Depositors agree with each other and Bank that all present and future funds in this Account shall be the joint property of the Depositors, owned as Joint Tenants with the Right of Survivorship and not as Tenants in Common. Upon the death of a Joint Tenant Depositor, any balance in this Account shall become the property of the surviving Depositor(s), who shall become the absolute owner(s) of said Account as between such surviving Depositor(s) and Bank.

Each Depositor, and any other person appearing to have an interest in the Account, agrees that all items credited to the Account, including items in transit, are subject to Bank's right of lien or set off for any obligation to Bank from any one or more of the Depositors.

Withdrawals made by any Depositor, including a surviving Depositor, shall be valid and binding as to any other Depositor, and shall discharge Bank from any liability by reason of such withdrawal.

The terms hereof shall apply to and be binding upon each signatory party, and on each non-signatory party owning an interest in the Account, their personal representatives, heirs, devisees, successors and assigns, referred to herein as Depositor, Depositors or Depositor(s), as the context requires.

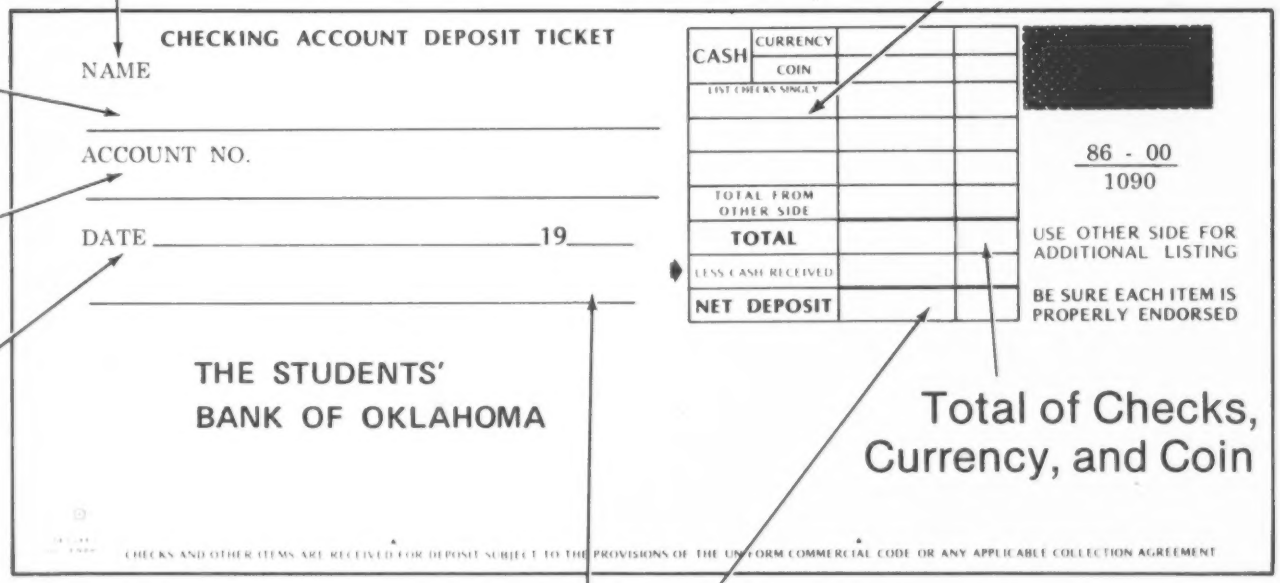
The terms hereof are in addition to the terms contained in any Passbook issued by Bank in connection with said Account and to the extent of any conflict or contradiction between the terms hereof and the terms of said Passbook, the terms of said Passbook shall control.

_____
SIGNATURE

_____
SIGNATURE

Back

Checking Account Deposit Slip



Name of Depositor

Amount to Be Deposited Separated into Currency, Coin, or Check

Complete Address of Depositor

Depositor's Account Number

Date of Deposit

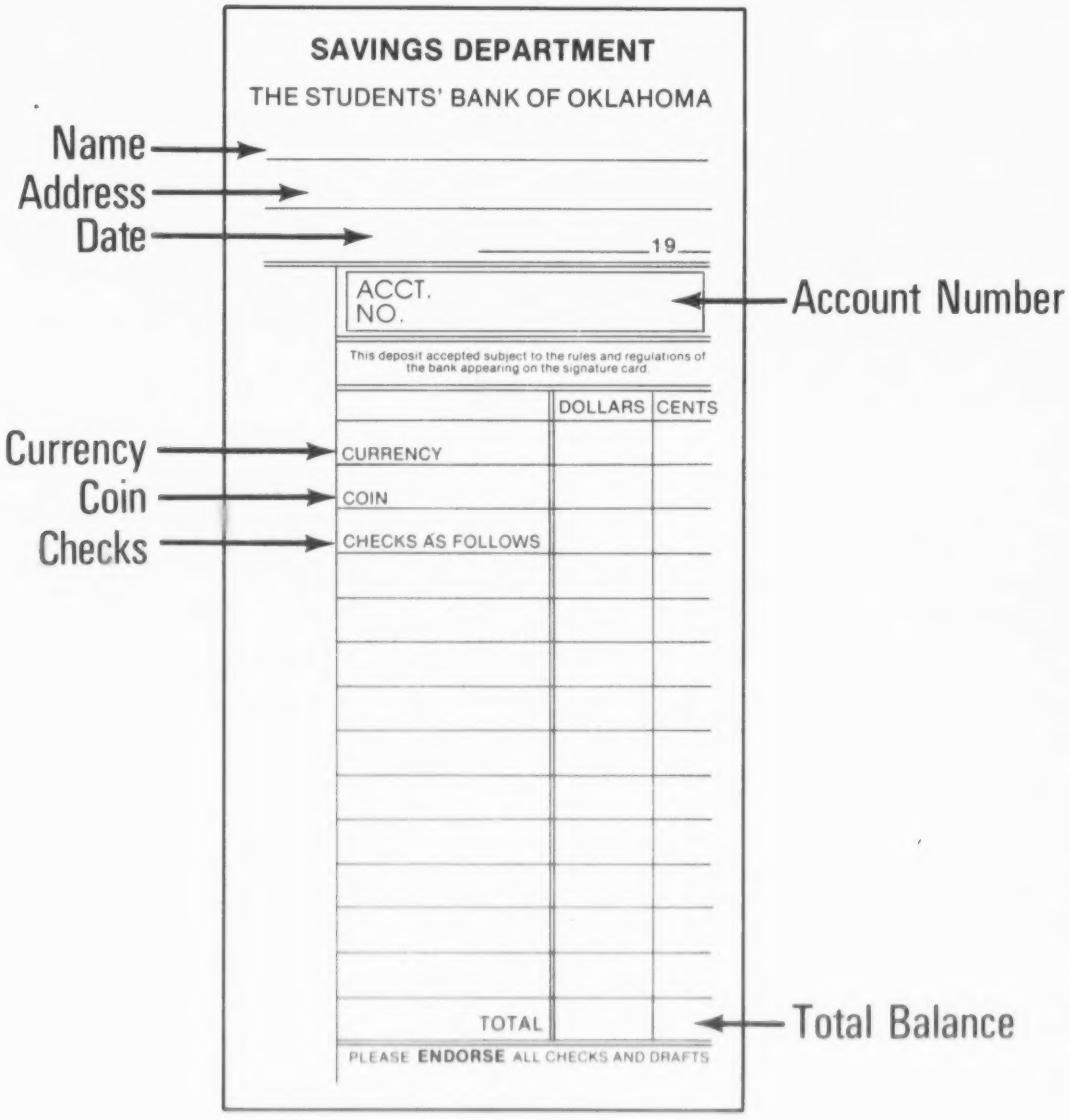
Total of Checks, Currency, and Coin

Customer Initials for Cash Deducted

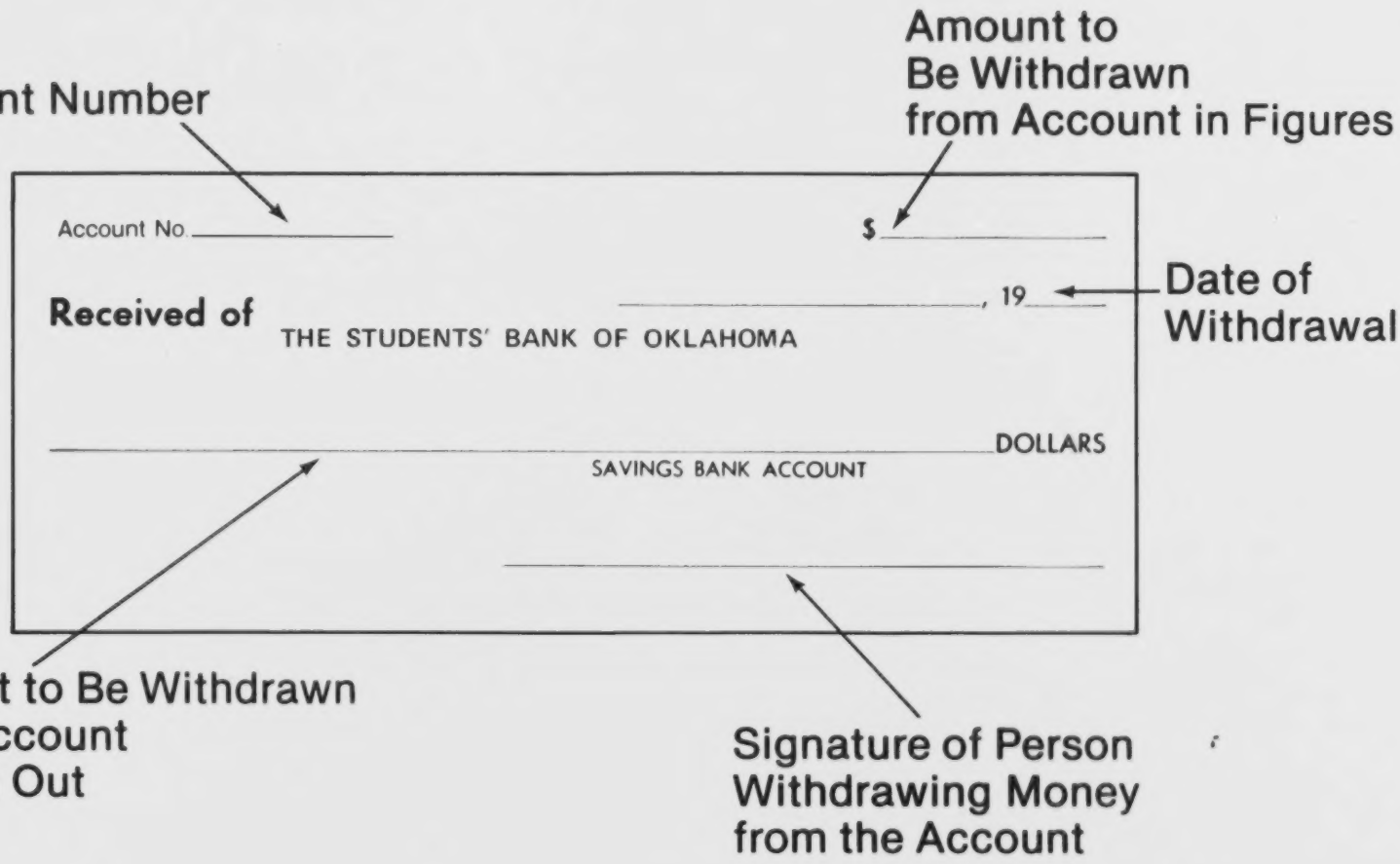
Net Deposit to Be Credited to Account

Front

Savings Account Deposit Slip



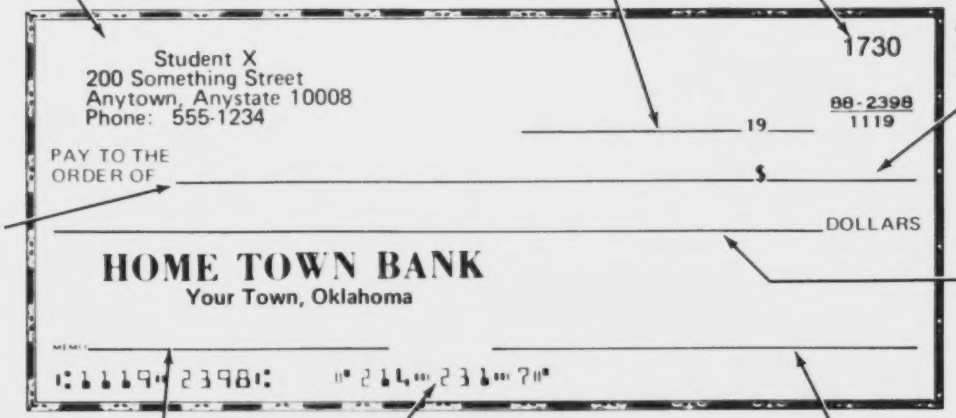
Savings Withdrawal Slip


Account Number
Amount to Be Withdrawn from Account in Figures
Account No. _____
$ _____
Received of THE STUDENTS' BANK OF OKLAHOMA
_____, 19____
Date of Withdrawal
_____ DOLLARS
SAVINGS BANK ACCOUNT
_____
Amount to Be Withdrawn from Account Written Out
Signature of Person Withdrawing Money from the Account

TM 4

DFS-221

Blank Personal Check



Account Holder's Name, Address, and Phone Number

Check Number

Place for Date

Place for Dollar Amount in Numbers

Place for Payee's Name

Place for Written Dollar Amount

Place to Write What Check Was Written For

Checking Account Number

Place for Account Holder's Signature

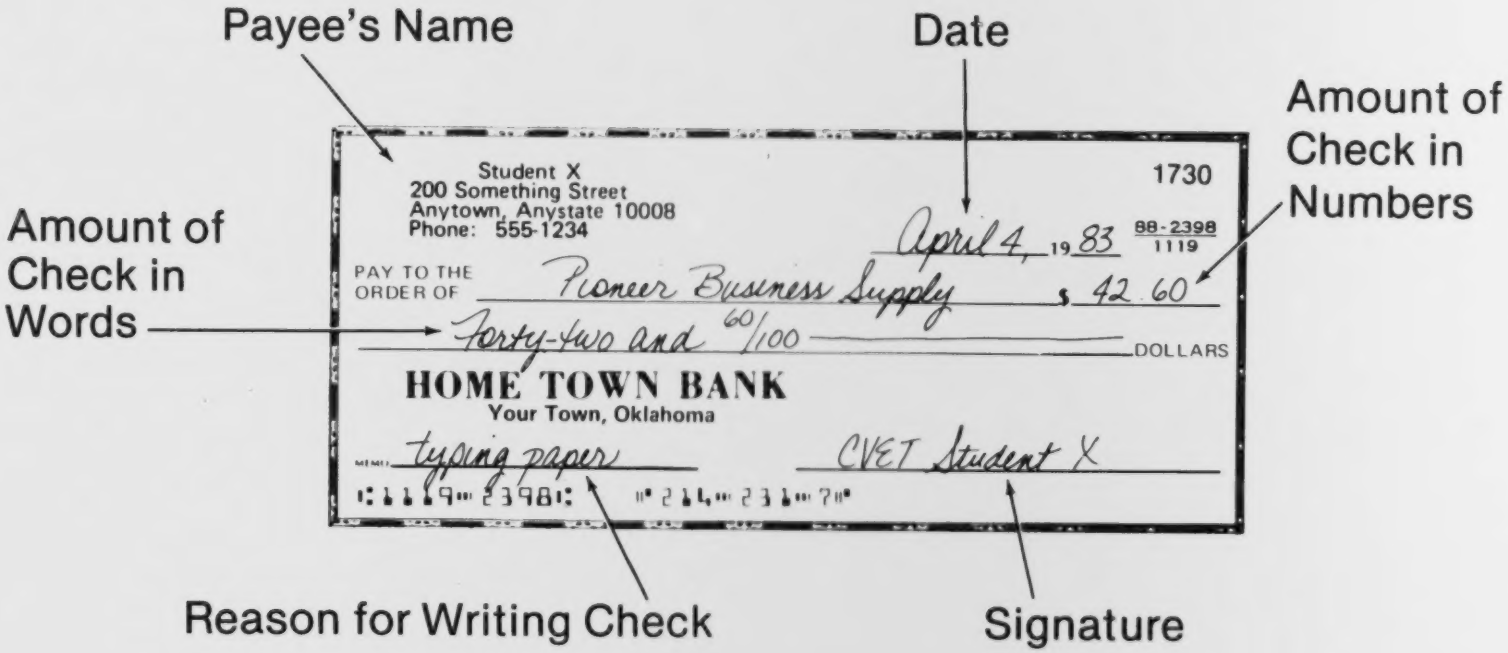
TM 5

191

192

DFS-223

Completed Personal Check



Blank Check Register

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (−)	✓ T	FEE (IF ANY) (−)	DEPOSIT/CREDIT (+)	BALANCE $	
			$		$	$		

REMEMBER TO RECORD AUTOMATIC PAYMENTS/DEPOSITS ON DATE AUTHORIZED

Bank Statement
(Front)

$ FIRST

FIRST STUDENT BANK AND TRUST COMPANY OF ANYTOWN
POST OFFICE BOX 33
ANYTOWN, ANYSTATE 10008
(800) 555-6789

STATEMENT DATE	699	T
	8	1
CHECKING ACCT. NO.	07	28
	F	26

STUDENT X
200 SOMETHING STREET
ANYTOWN, ANYSTATE 10008

PAGE
1 OF 1

CHECKING ACCOUNT STATEMENT

BALANCE LAST STATEMENT	TOTAL AMOUNT OF CHECKS PAID	NO. OF CHECKS PAID	NO. OF DEPOSITS	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT

DATE	IDEN. NUMBER	TRANSACTION AMOUNT	BALANCE	TRANSACTION DESCRIPTION

PLEASE EXAMINE STATEMENT OF ACCOUNT AND VOUCHERS AT ONCE
IF NO ERROR IS REPORTED IN TEN DAYS THE ACCOUNT WILL BE CONSIDERED CORRECT

KEY

SC - SERVICE CHARGE	CC - CERTIFIED CHECK	OD - OVERDRAFT
EC - ERROR CORRECTED	DM - DEBIT MEMO	NC - NO COUNT
RT - RETURNED ITEM	CM - CREDIT MEMO	LS - TOTAL OF SEVERAL ITEMS

LAST AMOUNT IN THIS COLUMN IS YOUR BALANCE

KINDLY NOTIFY THIS BANK IMMEDIATELY OF CHANGE OF ADDRESS

TM 8

DFS-229

Bank Statement
(Back)

STATEMENT RECONCILIATION

THIS FORM IS PROVIDED TO HELP YOU BALANCE YOUR CHECKBOOK

PERIOD
FROM _____ TO _____ 19 _____

STEP 1

Subtract the service charge shown on this statement from your current checkbook balance to arrive at your NEW CHECKBOOK BALANCE.

STEP 2

Remember to record any preauthorized or automatic transactions in your register.

STEP 3

Add the monthly interest paid to your balance on your register.

STEP 4

Check off in your checkbook all checks and deposits shown on this statement. IN THE SPACE PROVIDED AT RIGHT, LIST ANY CHECKS OUTSTANDING OR DEPOSITS NOT CREDITED.

STEP 5

Complete the following to balance this statement to your new checkbook balance:

BANK BALANCE SHOWN ON THIS STATEMENT	$ _____
ADD DEPOSITS NOT CREDITED (if any)	+ _____
SUBTOTAL	= $ _____
SUBTRACT CHECKS OUTSTANDING (if any)	− _____
TOTAL	= $ _____

*Total above should agree with your new checkbook balance.

LIST CHECKS OUTSTANDING	
TOTAL	**$**

USING FINANCIAL SERVICES
UNIT V

INFORMATION SHEET

I. Terms and definitions

A. Balance — Amount of money checking account holder has in bank

B. Bank Statement — Monthly report provided by the bank of deposits, checks, service charge, and balances

C. Check — Form used to withdraw money from a checking account

D. Checking account — Bank account against which depositor may write checks

E. Cancelled check — Check that has been paid by the bank

F. Check register — Part of checkbook in which record is kept of checks written, deposits made, service fee charges, and account balances

G. Deposit — Money placed in a bank account

H. Depositor — Person who places money in a bank account

I. Endorse — To sign your name on the back of a check written to you

J. Outstanding checks — Those checks that have not reached and been recorded by the bank; they do not appear on bank statement

K. Outstanding deposits — Those deposits that have not reached and been recorded by the bank; they do not appear on the bank statement

L. Overdraft — Check written when there is no money, or not enough money, in your checking account

M. Payee — Person or business to receive payment; person or business to whom you write the check

(NOTE: Payee's name is written on the line that reads *Pay to the order of. . .*)

N. Reconcile — To make checkbook register agree with bank statement balance

O. Service charge — Fee a bank charges for its services

P. Stop payment — Instructions to the bank from a customer requesting that the bank not pay a check

Q. Void — Not legally binding; useless

INFORMATION SHEET

R. Withdrawal slip — Form similar to a check; used to withdraw money from a savings account

S. Securities — Evidence of debt on property, such as a bond or stock certificate

(NOTE: This term is often used as a general term for all stocks and bonds.)

T. Common stock — Investing money in a company and receiving dividends for use of that money

(NOTE: Both common and preferred stock are considered ownership in a company.)

U. Preferred stock — Stock with a set dividend rate which is paid before common stockholders receive anything

(NOTE: If a company is dissolved, preferred stockholders get first claim of what is left after the company's debts are paid.)

V. Bond — Certificate of indebtedness issued by a corporation or the government which agrees to pay back the money loaned by investor on a certain date with a set interest rate

(NOTE: Generally, a bond provides a smaller but surer return on investment. The investor does not actually own a part of the company as do common and preferred stockholders. Consequently, owners of bonds do not get to vote for the company's board of directors. However, in case a company goes broke, bonds are paid off before all stocks because they are company debts.)

W. Investor — Person who gives money to a company or person with the idea of receiving interest for the use of his/her money

X. Broker — Member of an organized exchange who acts as an agent in buying and selling securities for his/her customers

Y. Dividends — Money that is paid to stockholders or depositors from profits

Z. Stock split — Process by which the number of outstanding shares of a company's stock is increased, but the dollar amount of the capital remains the same

EXAMPLE: If stocks in "X" company sold at $10 prior to the two-for-one stock split, they would sell at $5 after the split. The owner of the stocks, however, would receive an extra share for each stock she/he owned. Two shares of stock would be the same as one share of stock at $10.

AA. Yield — Return on investment

INFORMATION SHEET

BB. Bear market — Time when the average price of all stocks drops because of widespread selling of stocks

(NOTE: To be "bearish" means to be pessimistic about the market outlook.)

CC. Bull market — Time when the average price of all stocks rises because of widespread buying of stocks

(NOTE: To be "bullish" means to be optimistic about the market outlook.)

DD. New York Stock Exchange (NYSE) — Open auction market where buyers compete with other buyers to purchase securities at the lowest possible price, and sellers compete with other sellers to sell at the highest possible price

(NOTE: The New York Stock Exchange is the largest stock exchange in the nation. The second largest exchange is the American Stock Exchange.)

EE. "Over-the-counter" stocks — Method of buying securities over the telephone instead of meeting in one place and bargaining

FF. Mutual fund — Group of people who pool their money, invest in a variety of stocks, and share the dividends

GG. Dow Jones averages — Average prices of selected well-known (blue-chip) stocks which are announced to brokers several times a day

HH. Standard and Poor's — Largest securities research organization in the country

II. Automatic teller machine (ATM) — Machine that allows person to deposit or withdraw money from the bank 24 hours a day. The ATM reads a code from the back of the ATM card and then waits for you to enter your personal identification number. If the card and number are accepted, the customer can conduct selected banking transactions any time.

II. Functions of a bank

A. To receive deposits

B. To provide checking and savings accounts

C. To transfer money from one account to another

D. To make loans to businesses and individuals

E. To provide helpful services

EXAMPLES: Special types of checks such as traveler's checks, cashier's checks, bank money orders; financial advice; travel service; safety deposit boxes; bonds

(NOTE: A small fee is usually charged for these services.)

INFORMATION SHEET

III. Steps to take when opening a checking account

A. Fill out signature card, giving personal information

EXAMPLES: Name, address, and phone number

B. Sign your name on signature card as it will be written on your checks

(NOTE: Minor child's account requires the signature of a parent or guardian.)

C. Fill out a checking account deposit slip

(NOTE: List all checks, currency (bills), and coins to be deposited. Be sure to endorse checks.)

D. Give the completed form to person opening your account

E. Order checks printed with your name and address

(NOTE: Printed checks cost extra, but businesses take them with fewer questions.)

F. Get a few blank checks to use until your checks are printed

IV. Advantages of a checking account

A. Is a convenient way to pay bills

B. Provides a record of money spent

C. Protects money from loss or theft

D. Is usually accepted as proof of payment by law

(NOTE: Keep all cancelled checks for five years.)

V. Types of check endorsements (Figures 1-3 on the next page)

A. Blank Endorsement — The payee must endorse the check within the top 1 1/2" of the check. This endorsement can be the authorized signature of an individual; or the stamp of an organization; or the stamp used by a merchant to record information about the writer of the check.

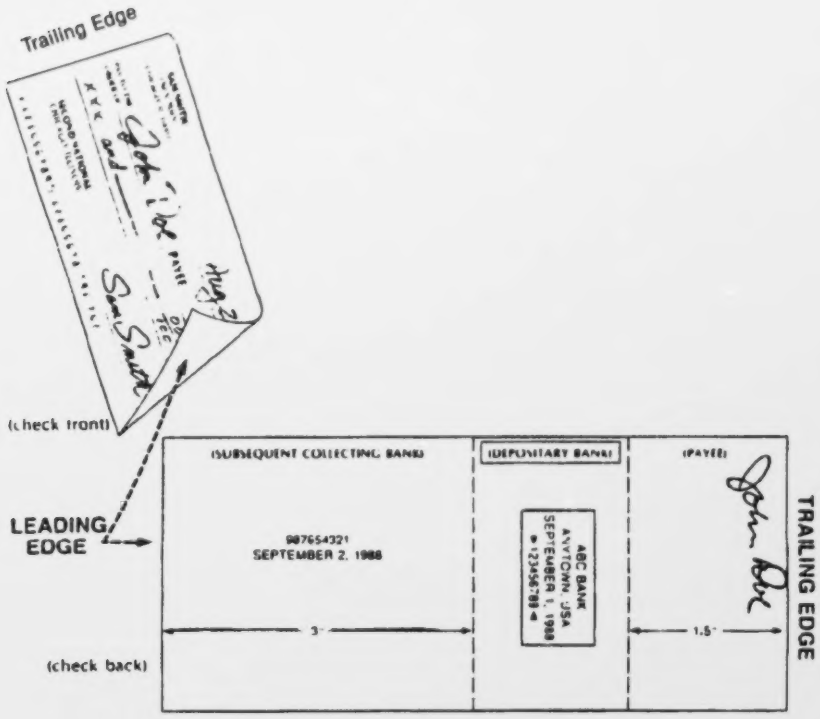
(NOTE: Anyone can cash a check endorsed in this manner.)

CAUTION

Never endorse a check written to you until you are ready to cash it.)

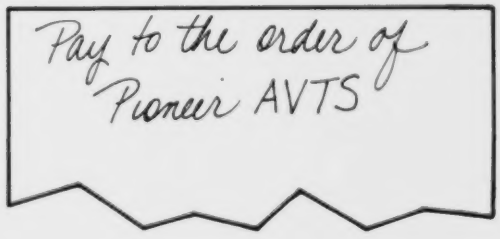
INFORMATION SHEET

FIGURE 1



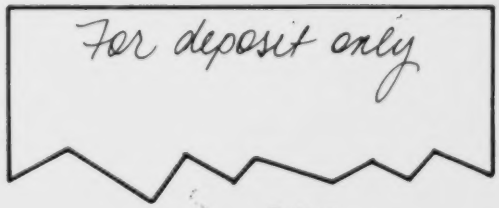
B. Special endorsement — Payee writes *Pay to the order of* on back left-hand end of check

FIGURE 2



C. Restricted Endorsement — Gives special directions such as *For Deposit Only* on back left-hand end of check

FIGURE 3



INFORMATION SHEET

VI. Ways to request stop payment on a check

(NOTE: Many banks have a service charge for all stop payment procedures.)

A. In writing

(NOTE: Written request for stop payment may be on a bank form or in a letter.)

B. By phone

(NOTE: Phone requests for stop payment are temporary measures. To be legal, a phone request must be followed up by a written request.)

VII. Points to remember when writing checks

A. Write in ink

B. Write clearly

C. Fill in all blanks

D. Use correct date

E. Place decimal correctly

F. Write amount close to dollar sign so that it cannot be changed

G. Write amount in words as far to the left as possible in the space given; fill in unused portion with a wavy line

H. Do not cross out name or erase on the check

(NOTE: If you make a mistake, tear up the check and write another.)

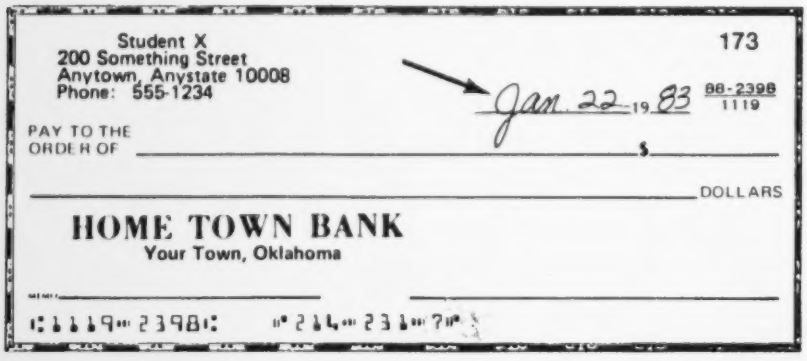
I. Never sign a blank check

VIII. Steps in writing a check (Figures 4-9)

(NOTE: If you are using unprinted checks while waiting for your personal checks to be printed, you must number your checks yourself in the upper right corner.)

A. Write correct date

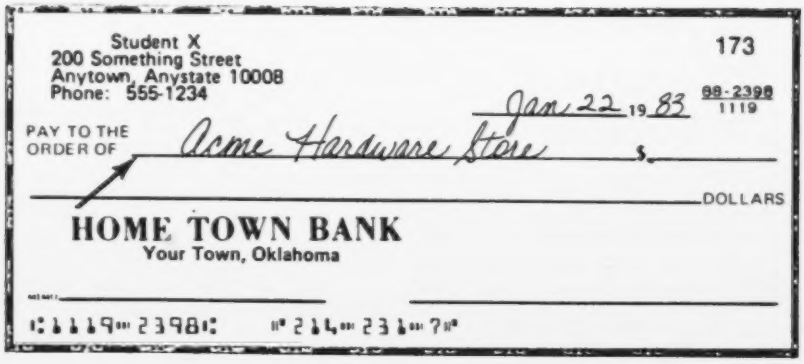
FIGURE 4



INFORMATION SHEET

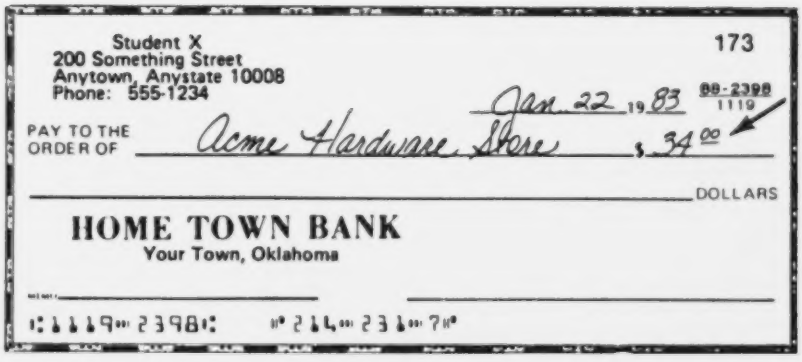
B. Write name of payee

FIGURE 5



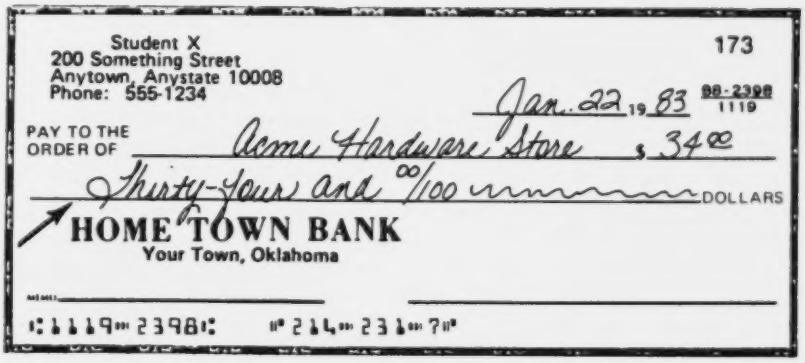
C. Write amount of check in numerals (numbers)

FIGURE 6



D. Write amount of check in words

FIGURE 7

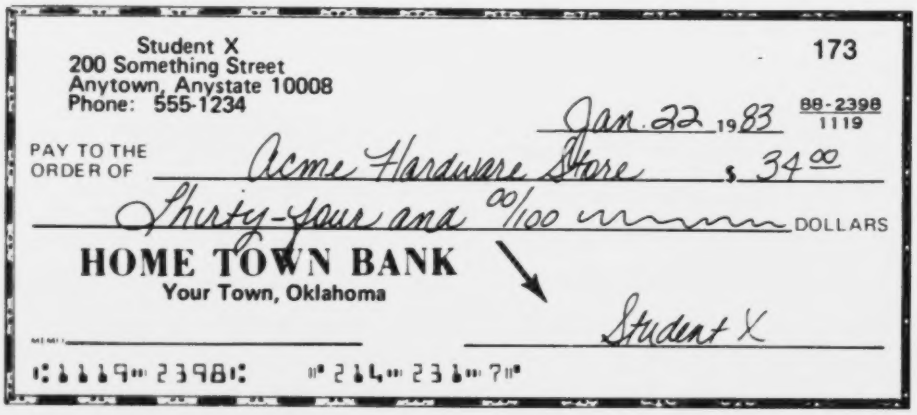


INFORMATION SHEET

E. Write signature on check

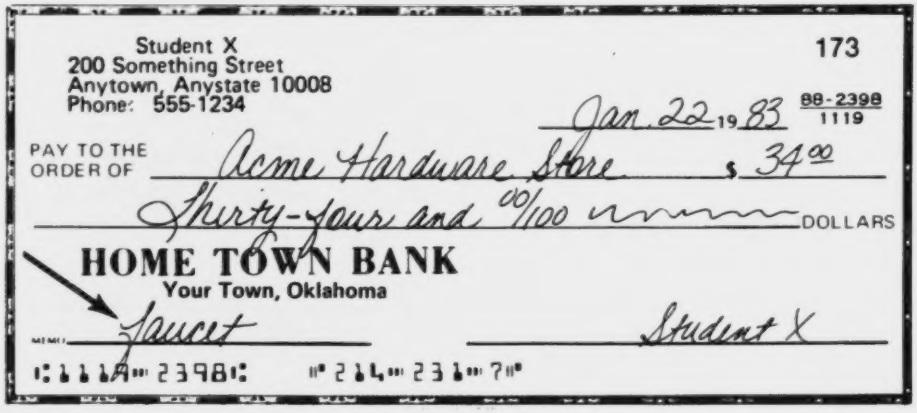
(NOTE: Every person who has a bank account must sign a signature card at the bank. Every time you write a check, you must sign it exactly the way your name appears on the signature card at the bank.)

FIGURE 8



F. Write the reason why a check is written

FIGURE 9



INFORMATION SHEET

IX. Points to remember when writing deposit slips

A. Write date on deposit slip

B. Sign deposit slip to receive cash

C. Get copy of deposit slip with bank stamp on it

(NOTE: This is your proof that the deposit was made. Do not forget to enter the deposit in your check register.)

D. Write name and account number on deposit slip

(NOTE: If you are using personalized checks, you will find in the back of your checkbook preprinted deposit slips with your name and account number, but you may use a plain deposit slip.)

E. Endorse all checks listed

X. Steps in writing a deposit slip (Figures 10-19)

(NOTE: In the following examples, $50.00 in bills, $3.00 in coin, a check for $15.00, and a check for $100.00 will be deposited.)

A. Write your name and address in ink

FIGURE 10

CHECKING ACCOUNT DEPOSIT TICKET

NAME
Student X
200 Something Street
Anytown, Anystate 10008

DATE _____ 19____

CASH	CURRENCY		
	COIN		
LIST CHECKS SINGLY			
TOTAL FROM OTHER SIDE			
TOTAL			
LESS CASH RECEIVED			
NET DEPOSIT			

[redacted]

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. _____

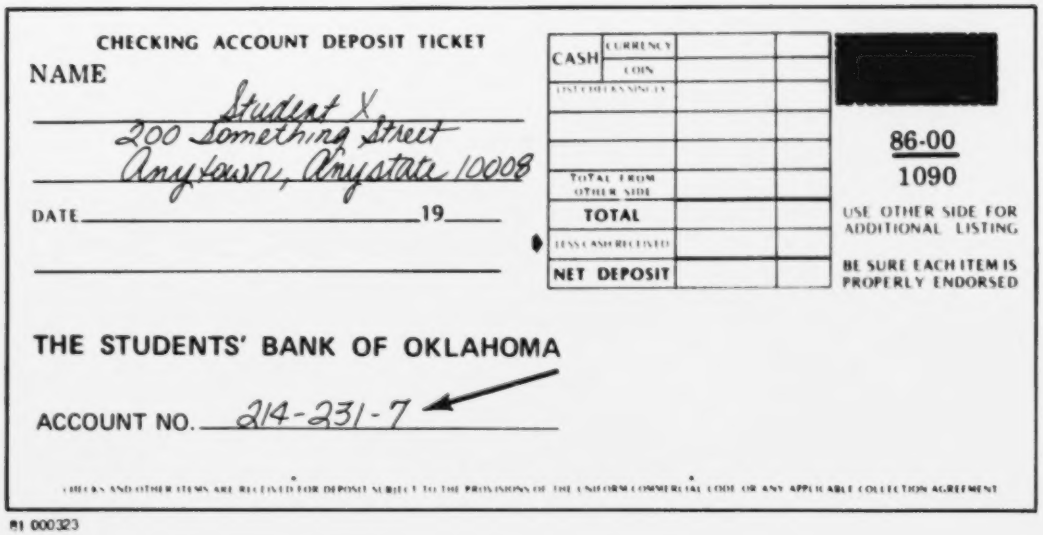
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.

81 000323

INFORMATION SHEET

B. Write your account number

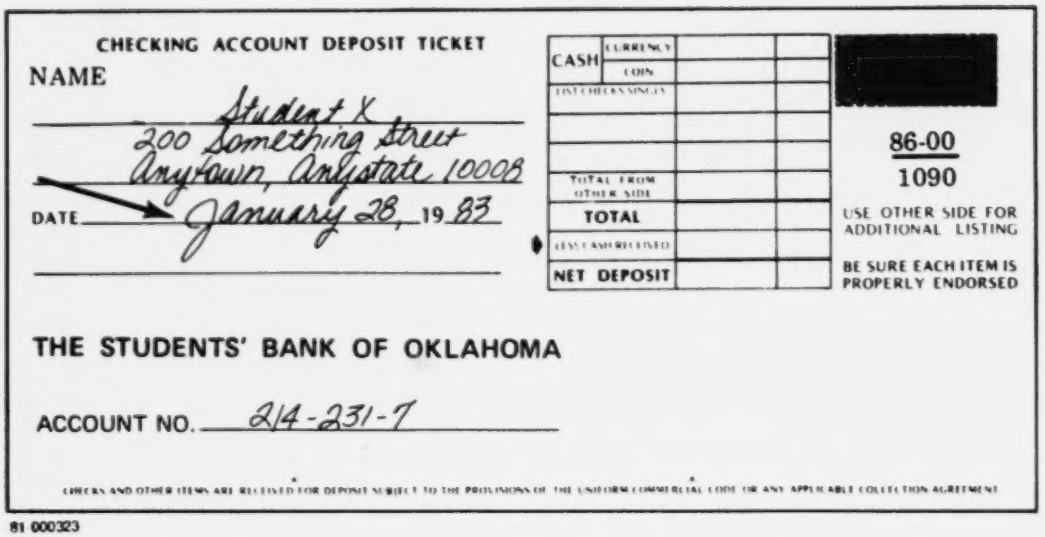
FIGURE 11



81 000323

C. Write the date

FIGURE 12

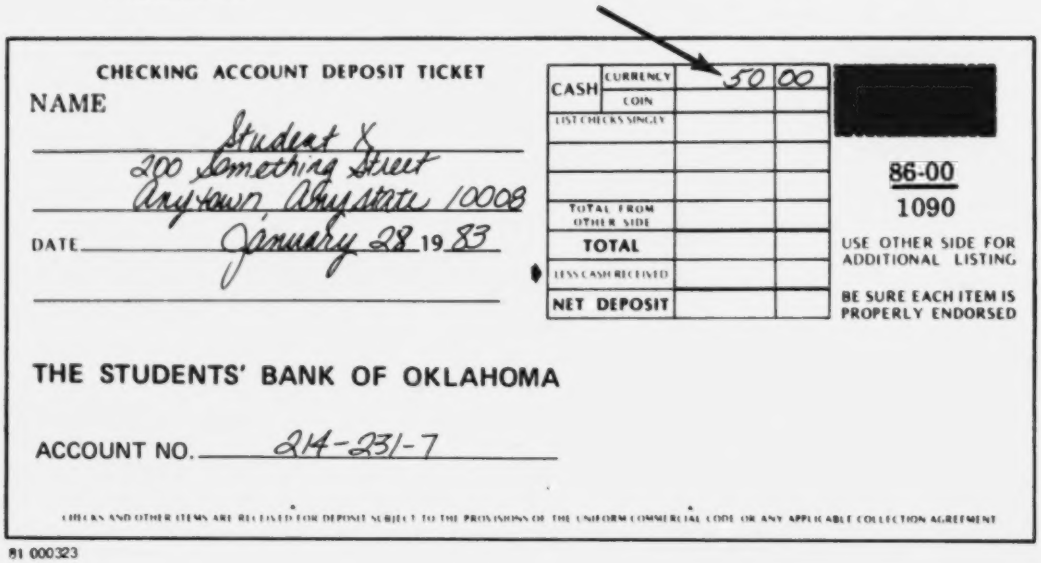


81 000323

INFORMATION SHEET

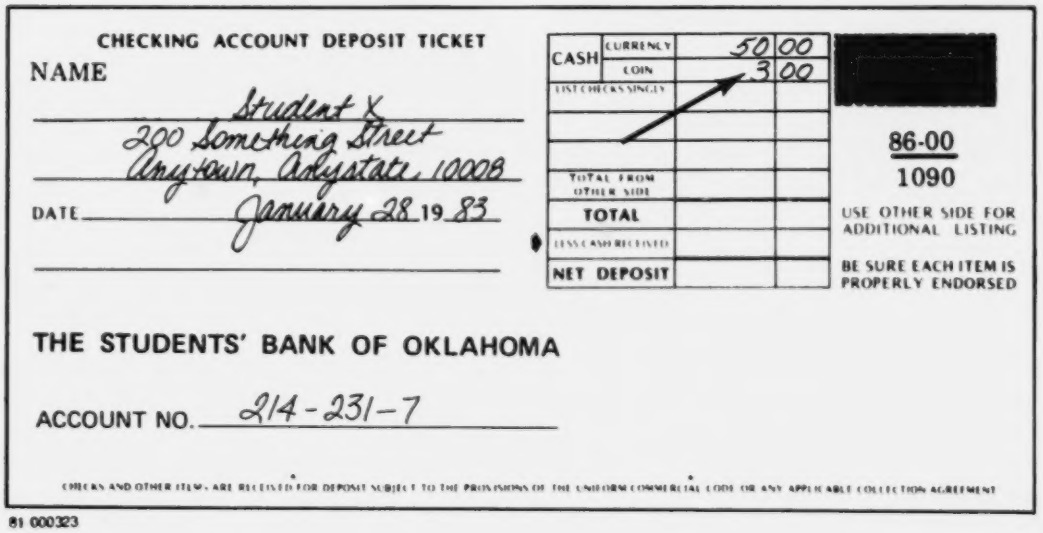
D. List total currency (bills)

FIGURE 13



E. List total coin

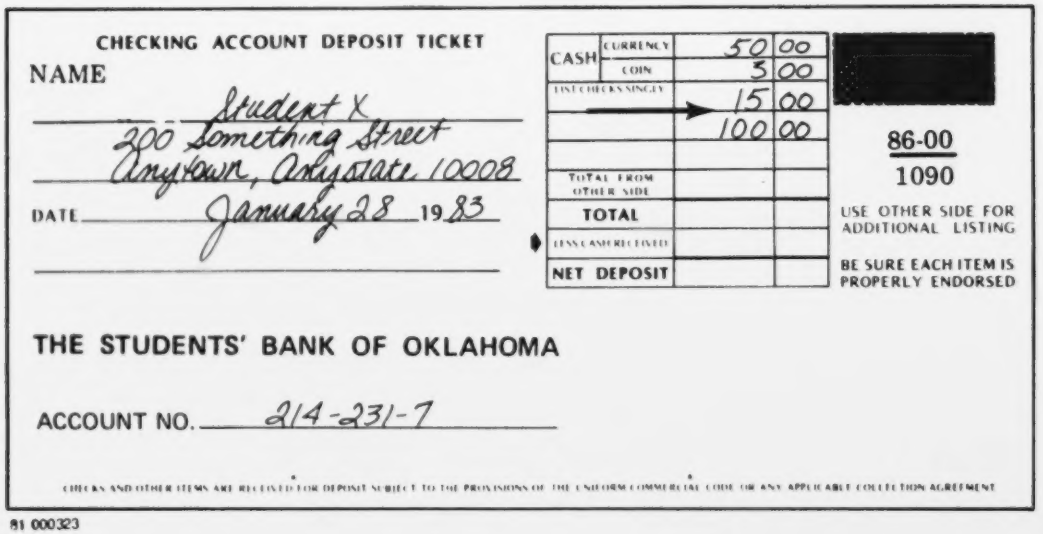
FIGURE 14



INFORMATION SHEET

F. Endorse each check and list separately

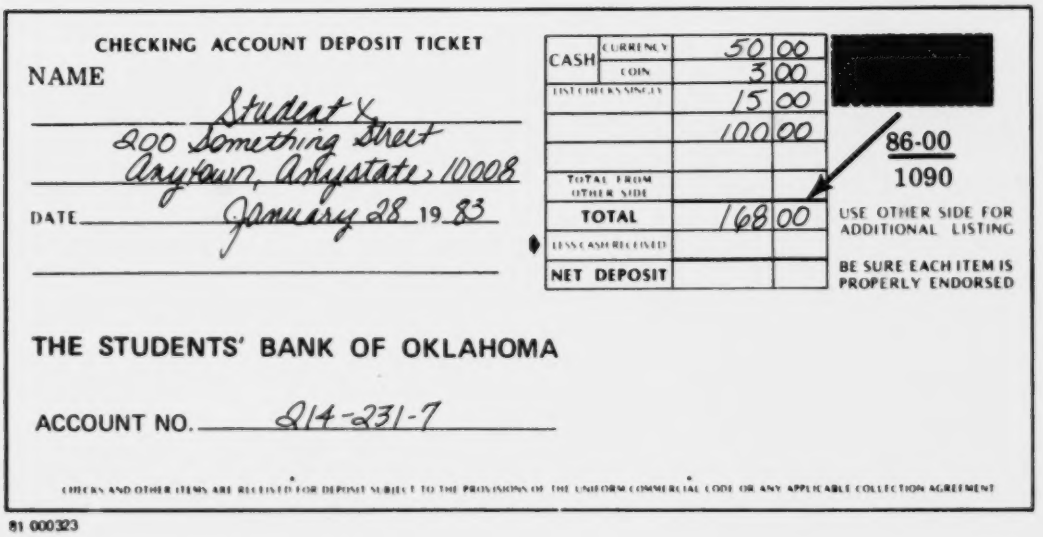
FIGURE 15



81 000323

G. Add amounts of checks, currency, and coin; enter figure as **TOTAL**

FIGURE 16



81 000323

INFORMATION SHEET

H. Write amount of cash desired in space after LESS CASH RECEIVED

(NOTE: This and the next two steps are necessary only if you are depositing a check or checks and wish to deposit part of the value and receive part of the value in cash. If depositing in a savings account, you must write in "Less Cash" and the amount desired.)

FIGURE 17

CHECKING ACCOUNT DEPOSIT TICKET

NAME Student X
200 Something Street
Anytown, Anystate 10008

DATE January 28 19 83

CASH	CURRENCY	50	00
	COIN	3	00
LIST CHECKS SINGLY		15	00
		100	00
TOTAL FROM OTHER SIDE			
TOTAL		168	00
LESS CASH RECEIVED		68	00
NET DEPOSIT			

[redacted]

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. 214-231-7

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

I. Sign name or initials in the space opposite LESS CASH RECEIVED

FIGURE 18

CHECKING ACCOUNT DEPOSIT TICKET

NAME Student X
200 Something Street
Anytown, Anystate 10008

DATE January 28 19 83

X

CASH	CURRENCY	50	00
	COIN	3	00
LIST CHECKS SINGLY		15	00
		100	00
TOTAL FROM OTHER SIDE			
TOTAL		168	00
LESS CASH RECEIVED		68	00
NET DEPOSIT			

[redacted]

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. 214-231-7

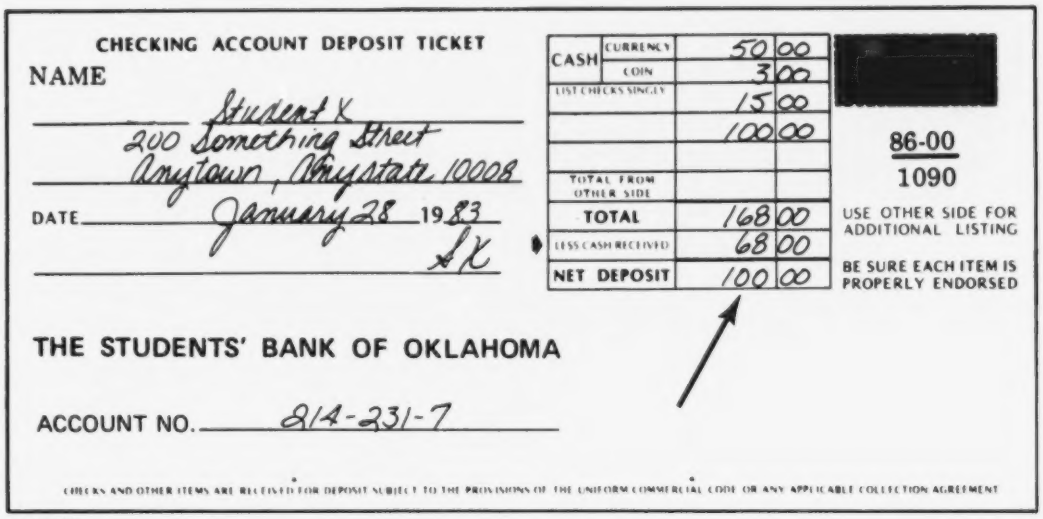
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

INFORMATION SHEET

J. Subtract amount of cash desired from **TOTAL**, and enter as **NET DEPOSIT** or **TOTAL DEPOSIT**

FIGURE 19



CHECKING ACCOUNT DEPOSIT TICKET

NAME Student X
200 Something Street
Anytown, Anystate 10008

DATE January 28 1983

SX

CASH	CURRENCY	50	00
	COIN	3	00
LIST CHECKS SINGLY		15	00
		100	00
TOTAL FROM OTHER SIDE			
TOTAL		168	00
LESS CASH RECEIVED		68	00
NET DEPOSIT		100	00

[redacted]

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. 814-231-7

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

XI. Reasons for keeping a check register

A. Shows balance at all times

B. Helps avoid overdrafts

C. Keeps record of checks written

D. Keeps record of deposits made

E. Shows dates of checks and deposits

F. Gives record to compare with bank statement

INFORMATION SHEET

XII. Entering checks, deposits, and service charges in a checkbook register

(NOTE: A checkbook register is a small booklet used to keep a record of deposits made and checks written; it allows you to tell at a glance the amount of money in the bank.)

A. Entering checks written (Figures 20-24)

1. Write check number

FIGURE 20

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 174 00
173			$		$	$	

2. Write date

FIGURE 21

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 174 00
173	1/22		$		$	$	

3. Write name of person or business to whom check will be written

FIGURE 22

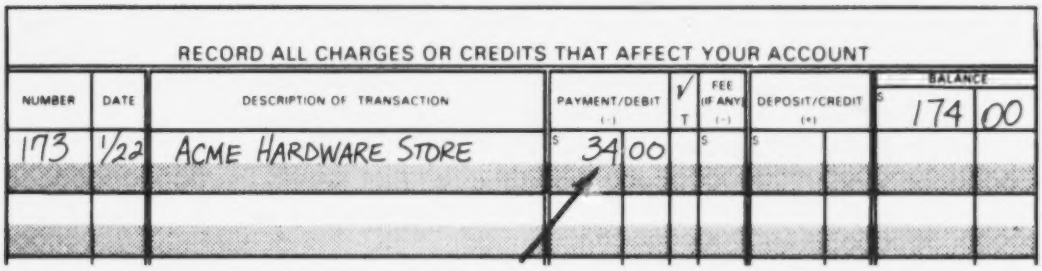
RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 174 00
173	1/22	ACME HARDWARE STORE	$		$	$	

INFORMATION SHEET

4. Write amount of check in correct column

FIGURE 23



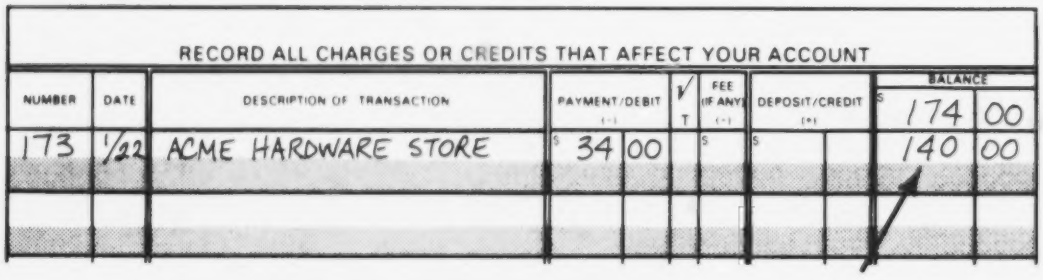
RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	

5. Subtract check from balance on scratch paper or use calculator

6. Write in balance

FIGURE 24



RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

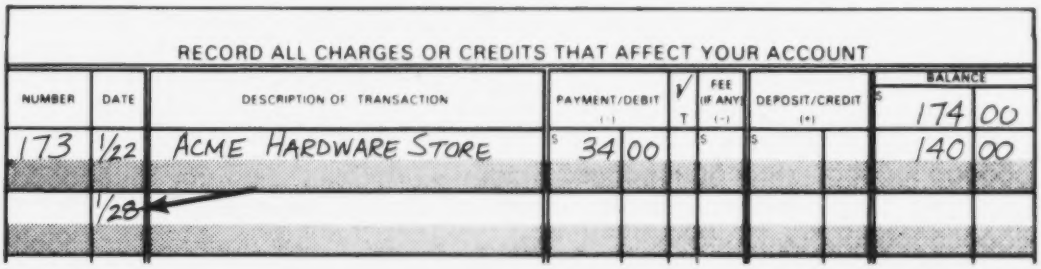
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	140 00

7. Repeat each of the steps given each time a check is written

B. Entering deposits (Figures 25-28)

1. Write date

FIGURE 25



RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	140 00
	1/28						

INFORMATION SHEET

2. Write the word "Deposit" on line

FIGURE 26

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	$ 174 00
	1/28	DEPOSIT					140 00

3. Write amount of deposit in proper column

FIGURE 27

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	$ 174 00
	1/28	DEPOSIT				100 00	140 00

4. Add balance on scratch paper or use calculator

5. Write in balance

FIGURE 28

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	$ 174 00
	1/28	DEPOSIT				100 00	140 00
							240 00

6. Repeat each of the steps given each time a deposit is made

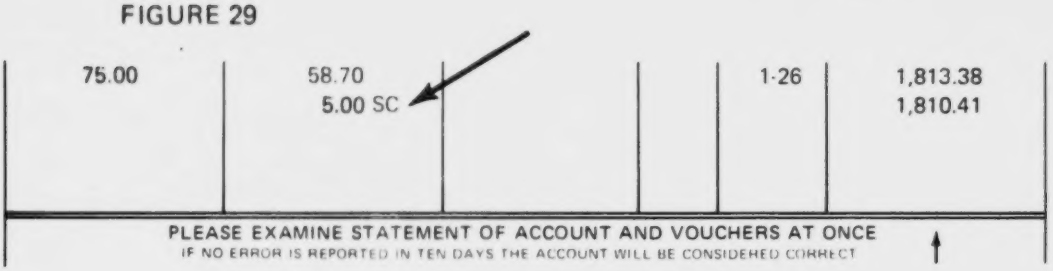
INFORMATION SHEET

C. Entering service charges (Figures 29-32)

1. Locate the abbreviation *SC* on statement

(NOTE: *SC* is an abbreviation for your monthly service charge.)

FIGURE 29



2. Write "Service Charge" on line in check register

FIGURE 30

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	√ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							$ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	140 00
	1/28	DEPOSIT				100 00	240 00
		SERVICE CHARGE					

3. Write amount of service charge in check column

FIGURE 31

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	√ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							$ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	140 00
	1/28	DEPOSIT				100 00	240 00
		SERVICE CHARGE	5 00				

INFORMATION SHEET

4. On scratch paper or with a calculator, subtract service charge from balance

5. Write in new balance

FIGURE 32

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							$ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	140 00
	1/28	DEPOSIT				100 00	240 00
		SERVICE CHARGE	5 00				235 00

XIII. Reasons for reconciling a bank statement

(NOTE: It is important that you reconcile your bank statement every month. If you have a problem balancing your account, people at the bank can help you.)

A. A check you have written may not have arrived yet at the bank

B. A deposit may have been made after your statement was mailed

C. You may have made an error in arithmetic in your checkbook register

XIV. Steps in reconciling a bank statement (Figures 33-40)

(NOTE: Compare the bank statement and your checkbook register. When your checkbook total and the bank statement total agree [after subtractions and additions have been made], you have reconciled your checkbook with your bank statement.)

A. Subtract service charge from checkbook register

FIGURE 33

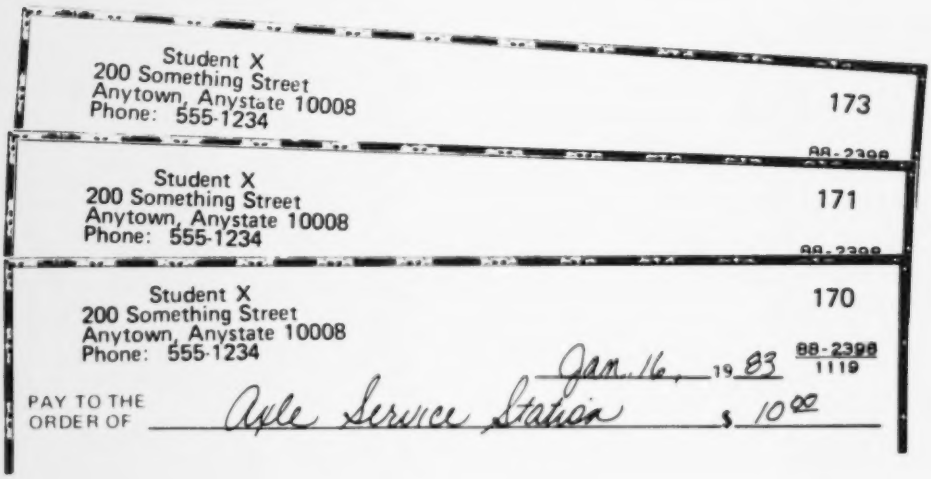
RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							$ 174 00
173	1/22	ACME HARDWARE STORE	$ 34 00		$	$	140 00
	1/28	DEPOSIT				100 00	240 00
		SERVICE CHARGE	5 00				235 00

INFORMATION SHEET

B. Arrange cancelled checks numerically

FIGURE 34



C. Compare amounts on cancelled checks and deposits in bank statement with amounts written in checkbook register

D. Check off (✓) all cancelled checks and deposits in checkbook register

FIGURE 35

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE $ 206 00
170	1/16	AXLE SERVICE STATION	$ 10 00	✓	$	$	196 00
171	1/18	PHOTOMATIC, INC.	10 00	✓			186 00
172	1/20	RURAL GAS AND ELECTRIC	12 00				174 00
173	1/22	ACME HARDWARE STORE	34 00	✓			140 00
	1/28	DEPOSIT				100 00	240 00
		SERVICE CHARGE	5 00				235 00

INFORMATION SHEET

E. List and add total outstanding checks (those not returned to bank or checked in your register)

(NOTE: List check number and amount of check.)

FIGURE 36

Jan. 28, 19 83

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
172	12	00
Total	12	00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE $ 157.00
(Shown on this statement)

ADD +
DEPOSITS MADE $ _____
(But not shown on this statement) _____
_____

TOTAL $ _____

SUBTRACT –
CHECKS OUTSTANDING $ _____

BALANCE $ _____
(Should agree with checkbook after subtracting any charges shown on this statement)

F. List and add total outstanding deposits

FIGURE 37

Jan. 28, 19 86

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
172	12	00
Total	12	00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE $ 157.00
(Shown on this statement)

ADD +
DEPOSITS MADE $ 100.00
(But not shown on this statement) _____
_____

TOTAL $ _____

SUBTRACT –
CHECKS OUTSTANDING $ _____

BALANCE $ _____
(Should agree with check register after subtracting any charges shown on this statement)

INFORMATION SHEET

G. Add total outstanding deposits to balance shown on statement

FIGURE 38

Jan. 28, 19 83

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
172	12	00
Total	12	00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE $ 157.00
(Shown on this statement)

ADD +
DEPOSITS MADE $ 100.00
(But not shown on this statement)

TOTAL $ 257.00

SUBTRACT –
CHECKS OUTSTANDING $ _____

BALANCE $ _____
(Should agree with checkbook after subtracting any charges shown on this statement)

H. Subtract total outstanding checks from total of bank balance and outstanding deposits

FIGURE 39

Jan. 28, 19 83

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
172	12	00
Total	12	00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE $ 157.00
(Shown on this statement)

ADD +
DEPOSITS MADE $ 100.00
(But not shown on this statement)

TOTAL $ 257.00

SUBTRACT –
CHECKS OUTSTANDING $ 12.00

BALANCE $ 235.00
(Should agree with checkbook after subtracting any charges shown on this statement)

INFORMATION SHEET

I. Make sure that adjusted bank balance and adjusted checkbook balance are equal

J. Circle checkbook total to show that you agree with the bank

(NOTE: If you forget how to reconcile your statement, check the back of the statement for instructions.)

FIGURE 40

173		ACME HARDWARE STORE	34	00	✓			140	00
		DEPOSIT				100	00	240	00
		SERVICE CHARGE	5	00				235	00

XV. Steps in opening a savings account

A. Fill out signature card, giving personal information

EXAMPLES: Name, address, and phone number

B. Sign your name on signature card

(NOTE: Minor child's account requires the signature of a parent or guardian.)

C. Fill out a savings account deposit slip

(NOTE: List all checks, currency [bills], and coin to be deposited. Be sure to endorse all checks.)

D. Give completed form to person opening your account

(NOTE: If, after establishing a savings account, you wish to withdraw money from the account, complete a savings withdrawal slip provided by the bank.)

XVI. Reasons for saving money

A. Emergencies (unforeseen needs)

(NOTE: Money should be set aside for unforseen needs. It is often recommended that the amount of savings should equal at least three months' income.)

B. Expensive purchases

INFORMATION SHEET

C. Large recurring expenses

EXAMPLES: Insurance, car tags

D. Retirement

E. College

F. Vacation

G. Investment

XVII. Factors to consider in selecting investments

A. Safety of the principal

B. Growth possibilities

C. Satisfactory and certain income

(NOTE: Although safety of the principal is more important than satisfactory income, the rate of return and regularity should be considered.)

D. Marketability

(NOTE: Although a true investor is not interested in buying a security with the thought of selling it immediately, she/he must give consideration to this possibility.)

XVIII. Guidelines for saving money

A. Start now

(NOTE: It does not matter that you have only a few dollars. Any money saved is better than none.)

B. Make savings deposits soon after pay is received

C. Save a realistic amount regularly

(NOTE: Do not rely on just what is left over. Many companies have a savings plan to help employees save.)

D. Select a savings account that meets personal needs

EXAMPLES: Combination savings account, Christmas Club

E. Keep savings goal(s) in mind

INFORMATION SHEET

F. Have an emergency fund of two to three months' income

(NOTE: You will need to plan for unexpected emergencies, such as strikes, layoffs from bad weather, or fire damage. Remember, you will also need to save for large expenses like a down payment on a car or house and taxes.)

G. Place unexpected money in savings account

EXAMPLES: Gifts, tax refunds

H. Read consumer articles before buying

EXAMPLE: *Consumer Reports*

I. Pay cash when possible

J. Carry little money with you to resist impulse purchases

K. Include the whole family in financial planning

(NOTE: Agree to discuss all purchases over a certain amount before the transaction is made.)

L. "Sleep on it" before making large purchases

(NOTE: Things often look different after a period of time.)

XIX. Financial institutions that offer savings plans

(NOTE: Saving money in a financial institution offers two big advantages. It provides a safe place to keep money and a way to earn interest or dividends.)

A. Commercial bank — Financial institution owned and operated by its stockholders for profits; often called *full-service bank* because it offers a variety of services

(NOTE: Because of the wide variety of services, commercial banks offer a great deal of convenience for consumers. This is especially true for those who want their savings accounts in the same place as their checking accounts.)

B. Savings and loan association — Nonprofit financial institution owned by shareholders who receive dividends on savings; may offer higher interest rates for savings accounts and time deposits than commercial banks may offer

(NOTE: A time deposit is money deposited in a savings account for six months or longer to receive higher interest.)

C. Credit union — Nonprofit financial institulon owned and operated by its members to save and borrow money; usually offers higher interest rates on savings than commercial banks and savings and loan associations

INFORMATION SHEET

D. Mutual savings bank — Bank specializing in savings accounts and owned by its depositors; usually the earnings paid on savings are a little higher than those paid at commercial banks; but if the bank earns no profit, the depositors receive little or no interest on their savings

XX. Types of savings methods

(NOTE: Although using the "cookie jar" method to put aside money is often convenient and effective, money placed in an institution produces interest for the saver and protects the saver against loss or theft.)

A. Passbook savings account — Savings account that allows deposits and withdrawals to be made in varying amounts at any time

(NOTE: The amount of interest a person earns depends on the annual rate of interest, the method of calculating interest, the number of times per year the interest is compounded, and the length of time the money is in savings.)

B. Certificate of deposit — Money deposited for a set period of time; earns a set annual rate of interest

(NOTE: A certificate of deposit is also called *CD, savings certificate, time deposit,* or *time account.*)

C. Endowment insurance — Type of life-insurance policy that combines savings features in addition to the protection afforded the policyholder

D. Annuity — Type of protection purchased from insurance company for the purpose of providing income for the policyholder until death

(NOTE: An annuity can be bought in one lump sum or in regular payments. In return for this sum of money, the insurance company will pay a stated monthly or yearly income for a set number of years or for life. Payments usually begin when the policyholder retires.)

E. Employee savings plan — Specific plan involving savings features for a worker

(NOTE: Some of these plans involve saving through regular institutions by payroll deduction. Others, such as specialized savings plans, are included among the fringe benefits for an organization's employees. Sometimes the employer will match the employee's contributions. Various pension and profit-sharing plans involve savings features for employees.)

INFORMATION SHEET

F. Retirement account — Savings plan that helps people establish financial security for the time when they are no longer working

EXAMPLES: Individual Retirement Account (IRA) is an account to which taxpayers may make annual tax deductible contributions up to a set amount. The funds in the account accumulate and earn interest and may not be withdrawn before retirement without penalty. Keogh Plan is a retirement account for self-employed person.

XXI. Guidelines for using an automatic teller machine (ATM) card

(NOTE: An ATM card looks very much like a credit card; it is about the same size and has a magnetic strip with a code that ATMs can read. Most banks will issue you an ATM card if you have a checking account with them and if you ask for it. If you have had an account at a bank for a long time, you may have to ask for an ATM card. If you are opening a new account, the bank representative may ask you if you want an ATM card.)

A. Be sure to follow the bank's suggestions when choosing your PIN

(NOTE: A PIN is a personal identification number that will allow you to access your account. You should not use birthdates, addresses, or social security numbers as someone may easily find those numbers and use your card.)

B. When using your card, be careful not to let others learn your PIN

C. Safeguard your ATM card by keeping it in a safe place

D. Keep your receipts from the machine to use in reconciling your bank statement

E. Be sure to record the withdrawal or deposit in your check register

F. If your card is lost or stolen, contact your bank immediately to avoid having money illegally taken from your account

G. If you have a problem with your card, contact your bank immediately

USING FINANCIAL SERVICES
UNIT V

ASSIGNMENT SHEET #1 — SURVEY LOCAL BANKING SERVICES

NAME _____ SCORE _____

Banks provide many services for individuals, families, and businesses. Select two or more banks in the community, and make a survey of the services offered. Use the table below to compare the services.

	Bank #1	Bank #2	Bank #3	Bank #4
Name of Bank				
Safe-Deposit Accounts				
Free Checking Accounts				
Types of Loans (Home, Auto, Etc.)				
Loan Rates				
Interest Rates on Savings Accounts				
Bank by Mail Service				
Offer Drive-In Service				
24-Hour Deposit				
Adequate Parking				
Travel Service				
Financial and Tax Service				

USING FINANCIAL SERVICES
UNIT V

ASSIGNMENT SHEET #2 — WRITE CHECKS

NAME _____ SCORE _____

Writing checks will most likely be an important part of your life. If you pay a person in cash, you count your money carefully. It is also very important to write checks carefully. Too much money paid out will be a loss to you. For instance if you forget a decimal point, $10.00 becomes $1000. Be sure that you spell out the dollar amount. This will help you avoid overpayment.

PART I

Fill in the following blank checks with the information above each one. Be sure to write checks in ink. Fill in all spaces. Write clearly.

A. 1. *Date:* January 7, 1983

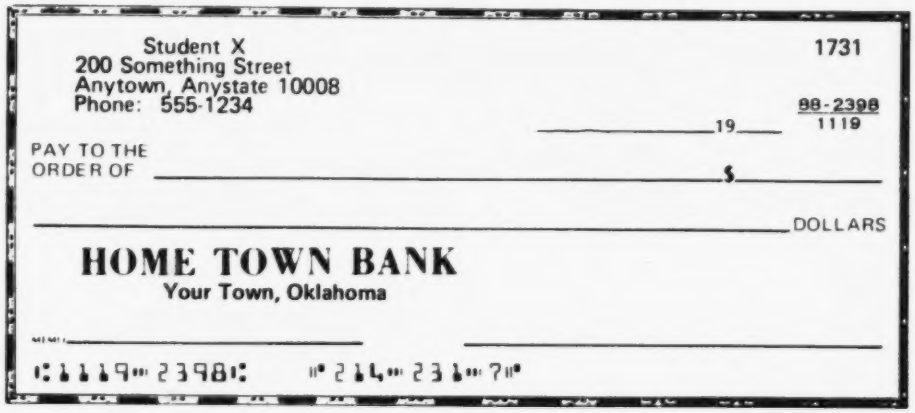
2. *Payee:* Carter Hardware

3. *Amount:* $50.00

4. *Amount Written:* Fifty and 00/100 ~~~~~~~~~~ dollars

5. *Memo:* For lumber

6. *Signature:* Your name



ASSIGNMENT SHEET #2

B. 1. *Date:* January 10, 1983

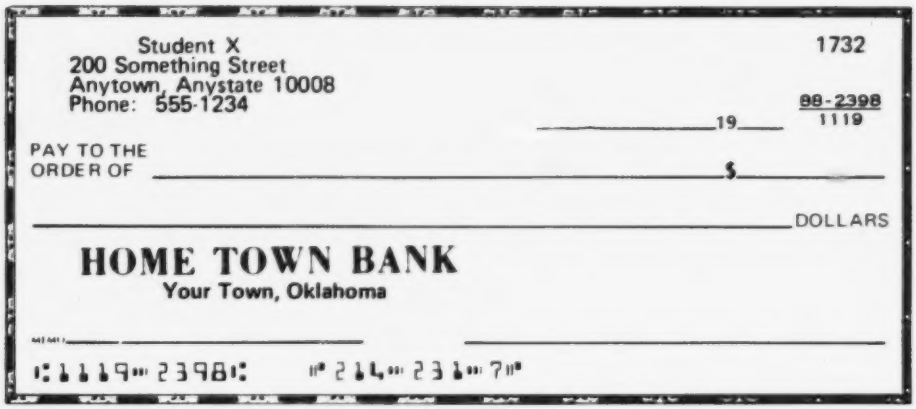
2. *Payee:* Ace Plumbing Company

3. *Amount:* $23.52

4. *Amount Written:* Twenty-three and 52/100 ~~~~~~~~~~~~~~~~~~~~ dollars

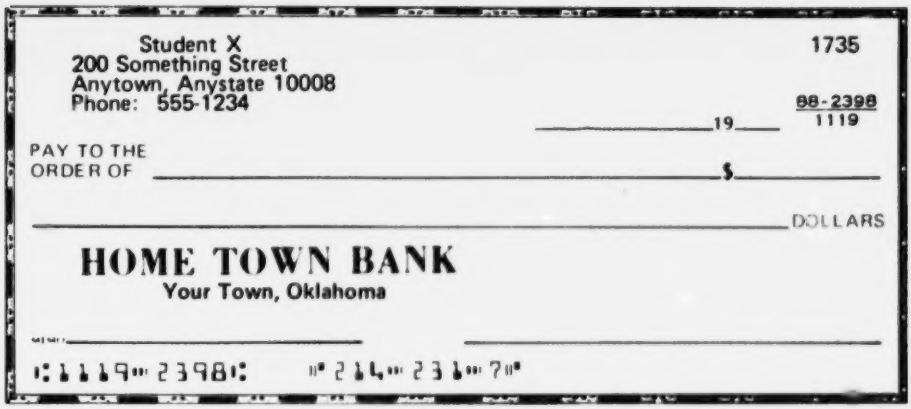
5. *Memo:* Faucets

6. *Signature:* Your name

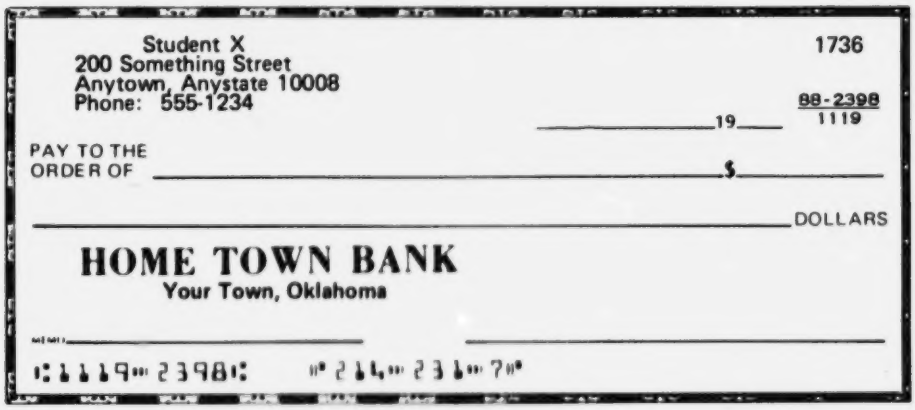


ASSIGNMENT SHEET #2

C. You are planning a surprise birthday party for your mother. You want to buy party favors and ingredients for a cake. At the General Food grocery store, you write a check for $18.50. Fill out the check below as you would for the grocery store purchase. The date is January 18, 1988.



D. You have a new puppy at home, and your mom says that the dog must stay outside. You go to Anderson's Lumber Company to buy nails and lumber for a doghouse. The materials cost $12.36. Write the check below as you would for the lumber company purchase. The date is January 21, 1988.

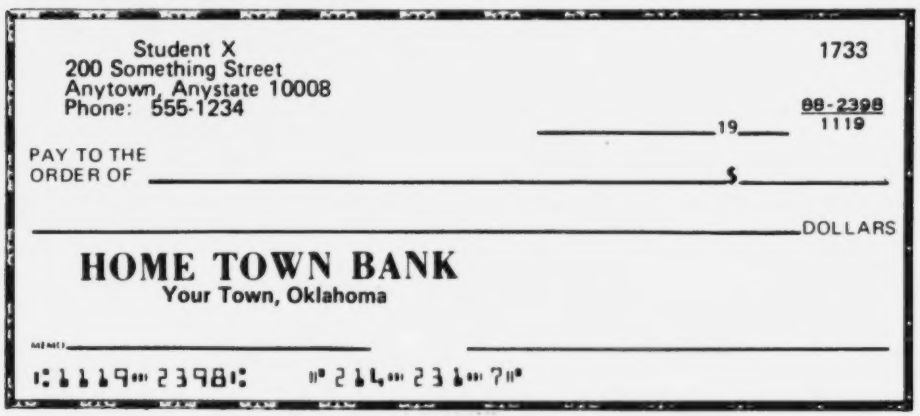


ASSIGNMENT SHEET #2

PART II

Fill in the following blank checks with the information learned from the descriptions above each one. Be sure to write checks in ink. Fill in all spaces. Write clearly.

A. Your younger brother had a wreck on his bicycle. He broke his front wheel and rim. You felt sorry for him and on January 12, 1988, bought him a new rim. Write a check to Bill Smith's Bike Repair Shop for $8.48.


Student X
200 Something Street
Anytown, Anystate 10008
Phone: 555-1234

1733

88-2398
1119

_____ 19____

PAY TO THE
ORDER OF _____ $_____

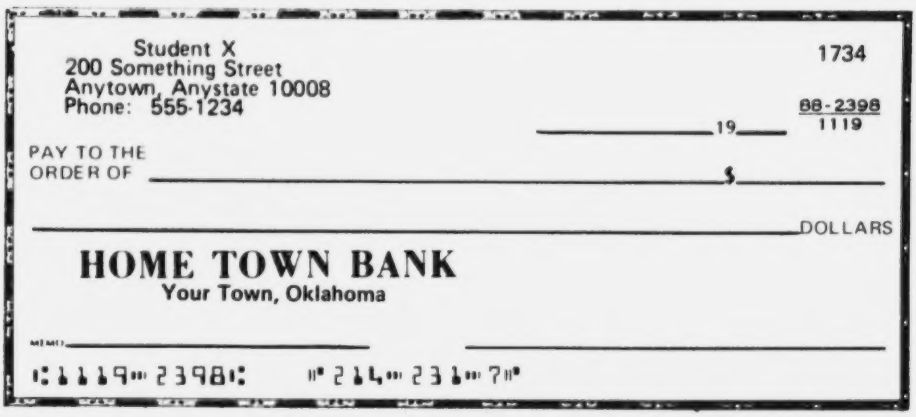
_____ DOLLARS

HOME TOWN BANK
Your Town, Oklahoma

MEMO _____

⑆1119⑆ 2398⑆ ⑈214⑈ 231⑈ 7⑈

B. Yesterday, January 16, 1988, when you started home, the brakes on your car went out. You took the car to Car Company repair shop to be fixed. Repairs cost $35.00. Write a check to pay for the job.


Student X
200 Something Street
Anytown, Anystate 10008
Phone: 555-1234

1734

88-2398
1119

_____ 19____

PAY TO THE
ORDER OF _____ $_____

_____ DOLLARS

HOME TOWN BANK
Your Town, Oklahoma

MEMO _____

⑆1119⑆ 2398⑆ ⑈214⑈ 231⑈ 7⑈

USING FINANCIAL SERVICES
UNIT V

ASSIGNMENT SHEET #3 — WRITE DEPOSIT SLIPS

NAME_____ SCORE _____

PART I

A deposit slip is a record of money and checks deposited at the bank. Remember that all checks must be endorsed before they can be deposited.

A. Write the checking account deposit slip below, using the following information:

Currency (bills)	$18.00
Coin	$ 1.35
Check	$50.00
Your account number is 17-1203	
Date	1-6-83

CHECKING ACCOUNT DEPOSIT TICKET

NAME

_____

_____

DATE_____19____

_____

CASH	CURRENCY		
	COIN		
LIST CHECKS SINGLY			
TOTAL FROM OTHER SIDE			
TOTAL			
LESS CASH RECEIVED			
NET DEPOSIT			

[redacted]

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO._____

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

ASSIGNMENT SHEET #3

B. Write the checking account deposit slip below, using the following information:

Your check is $86.40.
You need $25.00 in cash.
Your account number is 17-1203.
Date is 1-8-83.

CHECKING ACCOUNT DEPOSIT TICKET

NAME

_____

_____

DATE _____ 19____

_____

CASH	CURRENCY		
	COIN		
LIST CHECKS SINGLY			
TOTAL FROM OTHER SIDE			
TOTAL			
LESS CASH RECEIVED			
NET DEPOSIT			

[redacted]

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. _____

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

ASSIGNMENT SHEET #3

C. Write the savings account deposit slip below, using the following information:

Currency (bills) $24.00
Coin $ 3.50
Check $10.00
Your account number is 204-1070.
Use current date.

SAVINGS DEPARTMENT

THE STUDENTS' BANK OF OKLAHOMA

_____

_____

_____ 19___

ACCT. NO.

This deposit accepted subject to the rules and regulations of the bank appearing on the signature card.

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS AS FOLLOWS		
TOTAL		

PLEASE **ENDORSE** ALL CHECKS AND DRAFTS

ASSIGNMENT SHEET #3

D. Write the savings account deposit slip below, using the following information:

Two checks $12.50
$40.00
You need $15.00 in cash.
Your account number is 204-1070.
Use current date.

SAVINGS DEPARTMENT

THE STUDENTS' BANK OF OKLAHOMA

_____

_____

_____ 19___

ACCT. NO.

This deposit accepted subject to the rules and regulations of the bank appearing on the signature card

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS AS FOLLOWS		
TOTAL		

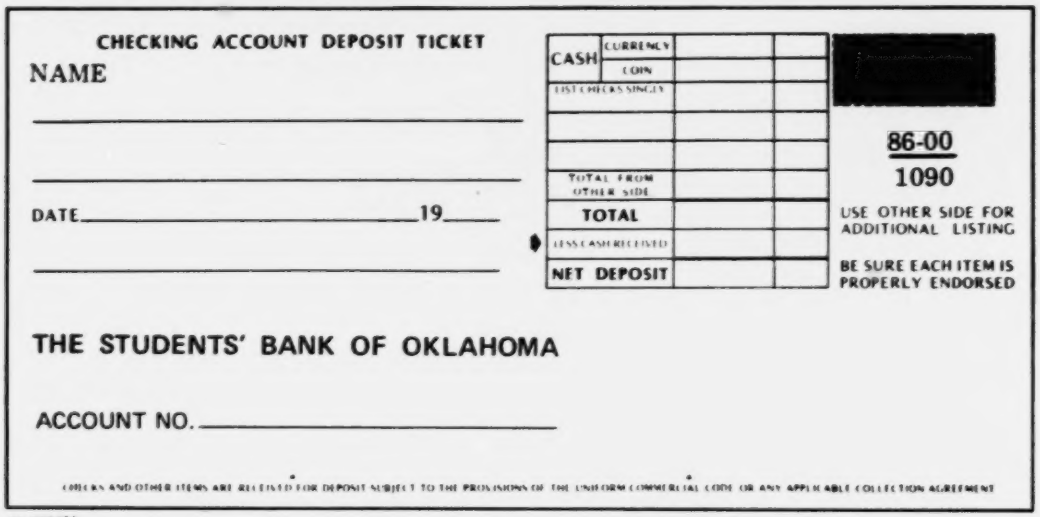
PLEASE **ENDORSE** ALL CHECKS AND DRAFTS

ASSIGNMENT SHEET #3

PART II

Fill in the following deposit slips with the information learned from the description above each one.

A. You worked part time with a carpenter last summer. Now you work on Saturdays at a lumber company. You have saved $200.00 in bills. Your last check was $125.00. You also have $12.80 in change. You decide to open a checking account. You want to deposit everything in your checking account. Your account number is 17-1203, and the date is January 15, 1983.


CHECKING ACCOUNT DEPOSIT TICKET

NAME

DATE _____ 19____

CASH — CURRENCY / COIN

LIST CHECKS SINGLY

TOTAL FROM OTHER SIDE

TOTAL

LESS CASH RECEIVED

NET DEPOSIT

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

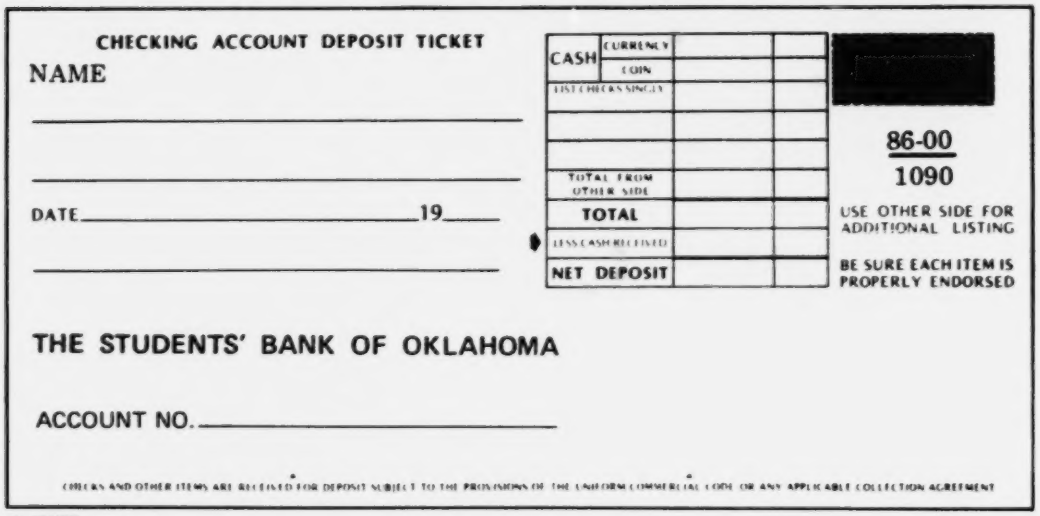
THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. _____

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

B. Your paycheck was $91.00. Aunt Kathy sent you a check for $10.00 for your birthday. You sold your bike to Brian Foster for $35.00. He paid you with a check. You want to deposit in your checking account all but $10.00, which the bank will return to you in cash. Your account number is 17-1203, and the date is January 22, 1983.


CHECKING ACCOUNT DEPOSIT TICKET

NAME

DATE _____ 19____

CASH — CURRENCY / COIN

LIST CHECKS SINGLY

TOTAL FROM OTHER SIDE

TOTAL

LESS CASH RECEIVED

NET DEPOSIT

86-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

THE STUDENTS' BANK OF OKLAHOMA

ACCOUNT NO. _____

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

81 000323

ASSIGNMENT SHEET #3

C. You want to deposit in your savings account your paycheck ($168.00), a check you received from the sale of your stereo ($200.00), and a gift check ($5.00). You wish to deposit all but $45.00, which you want in cash. Use today's date. Your account number is 204-1070.

SAVINGS DEPARTMENT

THE STUDENTS' BANK OF OKLAHOMA

_____

_____

_____ 19___

ACCT. NO.

This deposit accepted subject to the rules and regulations of the bank appearing on the signature card.

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS AS FOLLOWS		
TOTAL		

PLEASE **ENDORSE** ALL CHECKS AND DRAFTS

ASSIGNMENT SHEET #3

D. You worked part time as a housekeeping aide. Now you work as a salaried employee for Best Northern Inns, Inc. You have saved $125.00 in bills, and you have $14.00 in change. Your paycheck from Best Northern is $239.00. You want to deposit everything in your savings account, number 204-1070. Use today's date.

SAVINGS DEPARTMENT

THE STUDENTS' BANK OF OKLAHOMA

_____

_____

_____ 19___

ACCT. NO.

This deposit accepted subject to the rules and regulations of the bank appearing on the signature card

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS AS FOLLOWS		
TOTAL		

PLEASE **ENDORSE** ALL CHECKS AND DRAFTS

USING FINANCIAL SERVICES
UNIT V

ASSIGNMENT SHEET #4 — KEEP A CHECK REGISTER

NAME _____ SCORE _____

Return to Assignment Sheets #2 and #3. Record on the check register below all checks written and checking deposits made. You should have ten entries.

(NOTE: When writing real checks or deposits, always record the amount in your check register at once.)

CHECK REGISTER

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)		BALANCE	
			$			$	$		$	

USING FINANCIAL SERVICES
UNIT V

ASSIGNMENT SHEET #5 — RECONCILE A BANK STATEMENT

NAME _____ SCORE _____

At the end of the month, you will receive a statement from the bank. It will tell you how much money you have in your checking account. It is important that you reconcile your bank statement every month. If you have a problem balancing your account, people at the bank can help you.

PART I

For this exercise, you will need to use the checkbook register you completed in Assignment Sheet #4. Reconcile your checkbook register with the following bank statement. Refer to your Information Sheet, and complete on back of the following bank statement.

BANK STATEMENT

Date of Statement: January 30, 1983

DATE	#	CHECK	DEPOSITS	BALANCE
1-6			69.35	69.35
1-7	1731	50.00		19.35
1-8			61.40	80.75
1-10	1732	23.52		57.23
1-12	1733	8.48		48.75
1-15			337.80	386.55
1-21	1736	12.36		374.19
		4.82 SC		369.37

LAST AMOUNT IN THIS COLUMN IS YOUR BALANCE

ASSIGNMENT SHEET #5

REVERSE SIDE OF BANK STATEMENT

January 30, 1983

Subtract Service Charge (SC) from your checkbook balance

_____

_____

_____

Subtract outstanding checks (checks written but not shown on this statement)

Check No.	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	_____

Bank balance amount shown on this statement _____

Add deposits made but not shown on this statement _____

Total _____

Subtract checks outstanding _____

Balance amount should agree with checkbook register _____

ASSIGNMENT SHEET #5

PART II

Prepare a reconciliation statement. Refer to Section XIV on your Information Sheet and complete the back of the following bank statement.

Sam Levin's checkbook balance on June 30 was $482.35. His June 30 bank statement showed a balance of $512.36. There is a service charge of $1.75 for June, which had not been recorded in the checkbook. The following checks were outstanding: No. 69 for $3.87; No. 71 for $15.95; No. 74 for $7.68; No. 75 for $4.26.

BANK STATEMENT

Date of Statement: June 30, 1983

DATE	#	CHECKS	DEPOSITS	BALANCE
6-1-86				484.43
6-3-86	70	14.00		470.43
6-10-86			50.00	520.43
6-16-86	73	6.32		514.11
6-29-86		1.75 SC		512.36

LAST AMOUNT IN THIS COLUMN IS YOUR BALANCE

ASSIGNMENT SHEET #5

REVERSE SIDE OF BANK STATEMENT

June 30, 1983

Subtract Service Charge (SC) from your checkbook balance

_____

_____

_____

Subtract outstanding checks (checks written but not shown on this statement)

Check No.	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	_____

Bank balance amount shown on this statement _____

Add deposits made but not shown on this statement _____

Total _____

Subtract checks outstanding _____

Balance amount should agree with checkbook register _____

USING FINANCIAL SERVICES
UNIT V

ASSIGNMENT SHEET #6 — DEVELOP A SAVINGS PLAN

NAME _____ SCORE _____

Saving is putting away money from present income for use sometime in the future. The greatest incentive to save is provided when savings have a purpose, such as for a new stereo or new tires for your car. Later, saving for a down payment on a home may become important.

PART I

Make a personal savings plan. List the five biggest and most important items that you are going to need or want in the next year and their costs.

Examples: Stereo, car, furniture

ITEM	ESTIMATED COST

TOTAL _____

A. Where will you save your money and what method of savings will you choose?

_____

_____

_____

Why? _____

_____

_____

_____

ASSIGNMENT SHEET #6

B. Will you save money from each paycheck? _____ If yes, how much? _____

_____

If no, how will you accumulate the amount needed? _____

_____

C. Do you see yourself taking a second job or working extra hours at your present job? ___

Why or why not? _____

_____

_____

D. Do you think you can obtain these items? _____

Explain your answer. _____

_____

ASSIGNMENT SHEET #6

PART II

Money saved at home does not earn any money; money saved in a savings institution does. Money that is paid by a savings institution is usually paid by a savings plan called *compounded interest*.

Compounded interest is interest that is paid on all the accumulated interest earned in the preceding period as well as on the amount deposited by the saver. More simply said, compounded interest is money that money earns.

Interest can be compounded at different times such as semi-annually or quarterly. Suppose you deposited $100.00 in a savings account on January 1. The interest is compounded semi-annually at 8 percent per year. On June 30, $4.00 made from interest would be put into your account, making the balance in your account $104.00.

Example: $100.00 × 8 percent = $8.00 ÷ 2 = $4.00

$100.00 + $4.00 = $104.00 balance in the savings account as of June 30.

(NOTE: The 2 was used for dividing because semi-annually means one-half of a year. If the interest were compounded quarterly, 4 would have been used for dividing.)

Now your savings account has $104.00. On December 31, $4.16 was put into the account.

Example: $104.00 × 8 percent = $8.32 ÷ 2 = $4.16

$104.00 + $4.16 = $108.16 balance in the savings account as of December 31.

Figure the amounts of interest earned in the following problems. Circle your answer.

A. How much money would you have in your savings account at the end of two years if you had put $500.00 in your account at 9 percent compounded semi-annually? Show your work in the space below.

ASSIGNMENT SHEET #6

B. How much money would you have at the end of a year if you put $200.00 in a savings account at a 10 percent interest rate compounded quarterly? Show your work in the space below.

C. Which savings account would you advise someone to put his or her money into — one that is compounded semi-annually or one that is compounded quarterly?

Explain your answer. _____

_____

_____

_____

USING FINANCIAL SERVICES
UNIT V

ANSWERS TO ASSIGNMENT SHEETS

Assignment Sheet #1 — Completed to the satisfaction of the instructor.

Assignment Sheet #2 — Completed to the satisfaction of the instructor.

Assignment Sheet #3 — Completed to the satisfaction of the instructor.

Assignment Sheet #4 — Completed to the satisfaction of the instructor.

Assignment Sheet #5 — Completed to the satisfaction of the instructor.

Assignment Sheet #6

PART I — Completed to the satisfaction of the instructor.

PART II

A. $596.26
B. $220.77
C. Quarterly — When interest is compounded quarterly, it is added into the savings account four times each year, thus increasing the amount on which interest is paid each quarter.

USING FINANCIAL SERVICES
UNIT V

TEST

NAME _____ SCORE _____

1. Match the terms associated with financial services to their correct definitions. Write the correct numbers in the blanks. Definitions are continued on the next page.

_____a. Check that has been paid by the bank

_____b. Money placed in a bank account

_____c. Amount of money checking account holder has in bank

_____d. Bank account against which depositor may write checks

_____e. Monthly report provided by the bank of deposits, checks, service charges, and balances

_____f. Part of checkbook in which record is kept of checks written, deposits made, service fee charges, and account balance

_____g. Fee a bank charges for its services

_____h. Instructions to the bank from a customer requesting that the bank not pay a check

_____i. To sign your name on the back of a check written to you

_____j. Person or business to receive payment; person or business to whom you write the check

_____k. Form similar to a check; used to withdraw money from a savings account

_____l. To make checkbook register agree with bank statement balance

_____m. Check written when there is not money, or not enough money, in your checking account

_____n. Person who places money in a bank account

1. Balance
2. Bank statement
3. Checking account
4. Cancelled check
5. Check register
6. Deposit
7. Endorse
8. Check
9. Payee
10. Reconcile
11. Outstanding checks
12. Service charge
13. Stop payment
14. Outstanding deposits
15. Withdrawal slip
16. Depositor
17. Void
18. Overdraft

TEST

_____o. Those deposits that have not reached and been recorded by the bank; they do not appear on bank statement

_____p. Not legally binding, useless

_____q. Those checks that have not reached and been recorded by the bank; they do not appear on the bank statement

_____r. Form used to withdraw money from a checking account

2. Select from the following list functions of a bank. Write an "X" in the blank before each correct answer.

_____a. To receive deposits

_____b. To make sure that customers get paychecks

_____c. To provide checking and savings accounts

_____d. To assist in applying for a driver's license

_____e. To prevent you from overdrafting your account

_____f. To transfer money from one account to another

_____g. To provide helpful services

_____h. To make loans to businesses and individuals

3. Arrange in order steps to take when opening a checking account. Write a "1" before the first step, a "2" before the second step, and so on.

_____a. Fill out signature card, giving personal information

_____b. Get a few blank checks to use until your checks are printed

_____c. Sign your name on signature card as it will be written on your checks

_____d. Order checks printed with your name and address

_____e. Fill out a checking account deposit slip

_____f. Give completed form to person opening your account

TEST

4. Select from the following list advantages of a checking account. Write an "X" in the blank before each advantage.

_____a. Protects money from loss or theft

_____b. Is usually accepted as proof of payment by law

_____c. Authorizes arrest for overdrafts

_____d. Provides service charges

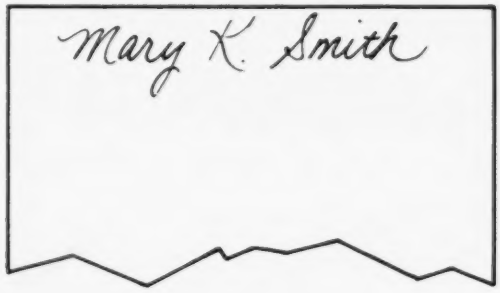
_____e. Charges extra for overdrafts

_____f. Is a convenient way to pay bills

_____g. Provides record of money spent

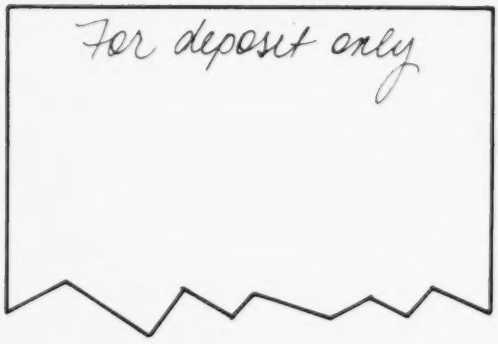
5. Identify types of check endorsements. Write the correct names in the blanks.

Blank endorsement **Restricted endorsement**



a. _____

_____



b. _____

_____

TEST

6. State two ways to request stop payment on a check.

   a. _____

   b. _____

7. Select from the following list points to remember when writing checks. Write an "X" in the blank before each correct answer.

   _____a. Write in pencil

   _____b. Write in ink

   _____c. Write clearly

   _____d. Print only

   _____e. Let payee fill in amount of check

   _____f. Fill in all blanks

   _____g. Use correct date

   _____h. Omit all decimals

   _____i. Cross out and erase if necessary

   _____j. Place decimal correctly

   _____k. Write amount in words as far to the left as possible in the space given; fill in unused portion with a wavy line

   _____l. Sign all checks as soon as the bank sends them to you

   _____m. Never sign a blank check

   _____n. Do not cross out or erase on the check

TEST

8. Arrange in order the steps in writing a check. Write a "1" before the first step, a "2" before the second step, and so on.

_____a. Write name of payee

_____b. Write amount of check in words

_____c. Write amount of check in numerals (numbers)

_____d. Write correct date

_____e. Write reason why check is written

_____f. Write signature on check

9. Select from the following list points to remember when writing deposit slips. Write an "X" in the blank before each correct answer.

_____a. Write your age on the deposit slip

_____b. Write name and account number on deposit slip

_____c. Get copy of deposit slip with bank stamp on it

_____d. Write date on deposit slip

_____e. Sign deposit slip to receive cash

_____f. Endorse back of deposit slip

_____g. Endorse all checks listed

10. Arrange in order steps in writing a deposit slip. Write a "1" before the first step, a "2" before the second step, and so on.

_____a. Write your account number

_____b. List total coin

_____c. Add amount of checks, currency, and coin; enter figure as **TOTAL**

_____d. Write your name and address in ink

_____e. List total currency (bills)

_____f. Subtract amount of cash desired from **TOTAL**, and enter as **NET DEPOSIT** or **TOTAL DEPOSIT**

TEST

_____g. Write amount of cash desired in space after **LESS CASH RECEIVED**

_____h. Endorse each check and list separately

_____i. Sign name or initials in space opposite **LESS CASH RECEIVED**

_____j. Write the date

11. Select from the following list reasons for keeping a check register. Write an "X" in the blank before each correct answer.

_____a. Keeps record of checks written

_____b. Helps avoid overdrafts

_____c. Make a good diary

_____d. Shows dates of checks and deposits

_____e. Shows balance at all times

_____f. Keeps record of deposits made

_____g. Is against the law not to keep

_____h. Gives record to compare with bank statement

_____i. Gives writing practice

_____j. Provides reason for buying a calculator

12. Enter checks, deposits, and service charges in a sample checkbook register. Show addition, subtraction, and new balance.

Check #104 — $50.00; date 1/11/88; to Deal's Hardware

Check #105 — $12.00; date 1/14/88; to Acme Electric Co.

Deposit — $100.00; date 1/9/88

Service charge — $1.85

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							$ 214 80
			$		$	$	

TEST

13. State reasons for reconciling a bank statement.

    a. _____

    b. _____

    c. _____

14. Arrange in order steps in reconciling a bank statement. Write a "1" before the first step, a "2" before the second step, and so on.

    _____a. List and add total outstanding deposits

    _____b. Subtract service charge from the checkbook register

    _____c. Compare amounts on cancelled checks and deposits in bank statement with amounts written in checkbook register

    _____d. Subtract total outstanding checks from total of bank balance and outstanding deposits

    _____e. List and add total outstanding checks (those not returned to bank or checked in your register)

    _____f. Arrange cancelled checks numerically

    _____g. Check off (✓) all cancelled checks and deposits in checkbook register

    _____h. Circle checkbook total to show that you agree with the bank

    _____i. Add total outstanding deposits to balance shown on statement

    _____j. Make sure that adjusted bank balance and adjusted checkbook balance are equal

15. Select from the following list steps in opening a savings account. Write an "X" in the blank before each correct answer.

    _____a. Fill out signature card, giving personal information

    _____b. Fill out checking account deposit slip

    _____c. Sign your name on deposit slip

    _____d. Sign your name on the signature card

    _____e. Give completed form to person opening your account

    _____f. Fill out a savings account deposit slip

16. List five reasons for saving money.

    a. _____

    b. _____

TEST

c. _____

d. _____

e. _____

17. List factors to consider in selecting investments.

a. _____

b. _____

c. _____

d. _____

18. List five guidelines for saving money.

a. _____

b. _____

c. _____

d. _____

e. _____

19. Match financial institutions that offer savings plans to their correct descriptions. Write the correct numbers in the blanks.

_____a. Financial institution owned and operated by its stockholders for profits; often called *full-service bank* because it offers a variety of services

_____b. Bank specializing in savings accounts and owned by its depositors; usually the earnings paid on savings are a little higher than those paid at commercial banks; but if the bank earns no profit, depositors receive little or no interest on their savings.

_____c. Nonprofit financial institution owned and operated by its members to save and borrow money; usually offers higher interest rates on savings than commercial banks and savings and loan associations

_____d. Nonprofit financial institution owned by shareholders who receive dividends on savings; may offer higher interest rates for saving accounts and time deposits than commercial banks may offer

1. Credit union
2. Commercial bank
3. Mutual savings bank
4. Savings and loan association

TEST

20. Match types of savings methods to their correct definitions. Write the correct numbers in the blanks.

_____a. Savings account that allows deposits and withdrawals to be made in varying amounts at any time

_____b. Type of protection purchase from insurance company for the purpose of providing income for the policyholder until death

_____c. Type of life-insurance policy that combines savings features in addition to the protection afforded the policyholder

_____d. Money deposited for a set period of time; earns a set annual rate of interest

_____e. Specific plan involving savings features for a worker

_____f. Savings plan that helps people establish financial security for a time when they are no longer working

1. Employee savings plan
2. Certificate of deposit
3. Annuity
4. Passbook savings account
5. Retirement account
6. Endowment insurance

21. List four guidelines for using an automatic teller machine (ATM) card.

a. _____

b. _____

c. _____

d. _____

(NOTE: Test items 22-27 list the assignment sheets. They are an important part of this test. If they have not been completed, check with your instructor.)

22. Survey local banking services.

23. Write checks.

24. Write deposit slips.

25. Keep a check register.

26. Reconcile a bank statement.

27. Develop a savings plan.

USING FINANCIAL SERVICES
UNIT V

ANSWERS TO TEST

1.

a. 4	g. 12	m. 18
b. 6	h. 13	n. 16
c. 1	i. 7	o. 14
d. 3	j. 9	p. 17
e. 2	k. 15	q. 11
f. 5	l. 10	r. 8

2. a, c, f, g, h

3.

a. 1	d. 5
b. 6	e. 3
c. 2	f. 4

4. a, b, f, g

5. a. Blank endorsement
   b. Restricted endorsement

6. a. In writing
   b. By phone

7. b, c, f, g, j, k, m, n

8.

a. 2	d. 1
b. 4	e. 6
c 3	f. 5

9. b, c, d, e, g

10.

a. 2	f. 10
b. 5	g. 8
c. 7	h. 6
d. 1	i. 9
e. 4	j. 3

ANSWERS TO TEST

11. a, b, d, e, f, h

12.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT								
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE	
							$	
—	1-9	DEPOSIT	$		$	$ 100 00	314	80
104	1-11	DEAL'S HARDWARE	50 00				264	80
105	1-14	ACME ELECTRIC CO.	12 00				252	80
		SERVICE CHARGE	1 85				250	95

13. a. A check you have written may not have arrived yet at the bank
    b. A deposit may have been made after your statement was mailed
    c. You may have made an error in arithmetic in your checkbook register

14. a. 6
    b. 1
    c. 3
    d. 8
    e. 5
    f. 2
    g. 4
    h. 10
    i. 7
    j. 9

15. a, d, e, f

16. Answer should include any five of the following.

    a. Emergencies (unforeseen needs)
    b. Expensive purchases
    c. Large recurring expenses
    d. Retirement
    e. College
    f. Vacation
    g. Investment

17. a. Safety of the principal
    b. Growth possibilities
    c. Satisfactory and certain income
    d. Marketability

ANSWERS TO TEST

18. Answer should include any five of the following.

    a. Start now
    b. Make savings deposits soon after pay is received
    c. Save a realistic amount regularly
    d. Select a savings account that meets personal needs
    e. Keep your savings goal(s) in mind
    f. Have an emergency fund of two or three months' income
    g. Place unexpected money in savings account
    h. Read consumer articles before buying
    i. Pay cash when possible
    j. Carry little money with you to resist impulse purchases
    k. Include the whole family in financial planning
    l. "Sleep on it" before making large purchases

19. a. 2
    b. 3
    c. 1
    d. 4

20. a. 4
    b. 3
    c. 6
    d. 2
    e. 1
    f. 5

21. Answer should include any four of the following.

    a. Be sure to follow the bank's suggestions when choosing your PIN
    b. When using your card, be careful not to let others learn your PIN
    c. Safeguard your ATM card by keeping it in a safe place
    d. Keep your receipts from the machine to use in reconciling your bank statement
    e. Be sure to record the withdrawal or deposit in your checkbook register
    f. If your card is lost or stolen, contact your bank immediately to avoid loss
    g. If you have a problem with your card, contact your bank immediately.

22. Completed to the satisfaction of the instructor.

23. Completed to the satisfaction of the instructor.

24. Completed to the satisfaction of the instructor.

25. Completed to the satisfaction of the instructor.

26. Completed to the satisfaction of the instructor.

27. Completed to the satisfaction of the instructor.

SECURING CREDIT
UNIT VI

UNIT OBJECTIVE

After completion of this unit, the student should be able to establish credit. This knowledge will be evidenced by completion of the assignment sheets and unit test with a minimum score of 85 percent.

SPECIFIC OBJECTIVES

After completing this unit, the student should be able to

1. Match terms associated with establishing credit to their correct definitions.
2. Name types of credit.
3. Name sources of credit.
4. Distinguish between advantages and disadvantages of using credit.
5. Name the six C's of credit.
6. Distinguish between types of sales credit.
7. Select from a list sound credit practices.
8. Select from a list factors that affect amount of interest.
9. Select from a list precautions for using credit.
10. Match types of loans to their descriptions.
11. Complete a sample credit application.
12. Evaluate credit rating.
13. Calculate cost of credit.
14. Evaluate credit and loan situations.
15. Figure carrying charges.
16. Compare installment buying with cash buying.

SECURING CREDIT
UNIT VI

SUGGESTED ACTIVITIES

I. Unit contents

A. Objective sheet

B. Suggested activities

C. Supplement #1 — Bulletin Board Idea

D. Transparency Master #1 — How to Figure the Cost of a Loan

E. Information sheet

F. Assignment sheets

1. Assignment Sheet #1 — Complete a Sample Credit Application
2. Assignment Sheet #2 — Evaluate Credit Rating
3. Assignment Sheet #3 — Calculate Cost of Credit
4. Assignment Sheet #4 — Evaluate Credit and Loan Situations
5. Assignment Sheet #5 — Figure Carrying Charges
6. Assignment Sheet #6 — Compare Installment Buying with Cash Buying

G. Answers to assignment sheets

H. Test

I. Answers to test

II. Instructor's guide

A. Obtain materials to supplement unit.

1. Films

(NOTE: The following films are available to Oklahoma teachers on a free-loan basis. Oklahoma teachers may order from the Oklahoma State Department of Vocational and Technical Education, 1500 West Seventh Avenue, Stillwater, Oklahoma 74074. Out-of-state teachers must order from the addresses listed with the films.)

a. *To Your Credit*. 16 MM, Color, 18 min. Available from General Mills, Inc., P.O. Box 1113, Minneapolis, Minnesota 55440.

(NOTE: Explains some of the pressures, problems, and conflicts that can arise from poor household credit management.)

b. *Read Before You Write*. 16 MM, color, 17 min. Available from Filmfair Communications, 10900 Ventura Blvd., Box 1728, Studio City, CA 91604; 818-985-0244.

(NOTE: A young couple considers a typical installment purchase and learn to really examine a contract before they sign it.)

2. Booklets

a. *You and Your Credit*. Available from NOW Communications Inc., P.O. Box 1366, St. Albans, West Virginia 25177.

(NOTE: This booklet contains information about obtaining credit, credit agreements, types of credit, sources of credit, and your rights as a borrower.)

b. *You and Your Community Bank*, 19th ed. Available from NOW Communications Inc., P.O. Box 1366, St. Albans, West Virginia 25177.

(NOTE: This booklet contains information about loans and credit cards and has exercises related to obtaining credit, such as filling out a credit application.)

3. Obtain a sample loan application from a local lending institution and make copies of it.

B. Discuss unit and specific objectives.

C. Discuss information and assignment sheets.

1. Review terms and definitions relevant to securing credit using Information Sheet, Section I.

2. Discuss the types of credit using Information Sheet, Section II.

- Have students discuss personal experiences with these types of credit.
- Use *You and Your Community Bank* to supplement information on types of credit.
- Also have students complete the exercises related to credit.

3. Explain the sources of credit; use Information Sheet, Section III.

- Divide students into small groups. Assign each group one of the listed sources of credit. Have each group collect information about that source and report to the class.

SUGGESTED ACTIVITIES

- Have students complete Assignment Sheet #1 using copies of or original loan (credit) application that you have obtained.

4. Discuss the advantages and disadvantages of using credit; use Information Sheet, Section IV.

   - As you are discussing each advantage and disadvantage, have students give examples of the advantage or disadvantage. For example, an advantage is that credit allows consumers to meet financial emergencies. Students might list needing a new refrigerator because the old one is irrepairable, a family member is sick beyond what the insurance will cover, a car needs major repairs, etc.

5. Explain the six C's of credit; use Information Sheet, Section V.

   - Invite a representative of one (or several) of the local lending agencies to come to class and discuss how these six C's affect how his/her institution evaluates prospective borrowers.

   - Have students complete Assignment Sheet #2.

6. Discuss the types of sales credit using Information Sheet, Section VI.

   - Have students survey local businesses to find out what types of sales credit are available.

   - Have students obtain credit applications from some of the local businesses. Compare the applications to see what information is requested.

7. Discuss sound credit practices using Information Sheet, Section VII.

8. Explain the factors that affect the amount of interest one pays; use Information Sheet, Section VIII.

   - Have students complete Assignment Sheet #3.

9. Discuss precautions for using credit; use Information Sheet, Section IX.

   - Show film *Read Before You Write.*

10. Explain the different types of loans using Information Sheet, Section X.

    - Have students discuss where they would go to obtain each of these types of loans.

    - Have students discuss what they might use each of these types of loans for.

    - Have students complete Assignment Sheet #4.

- Go over answers in class.
- Have students complete Assignment Sheets #5 and #6; go over answers in class.
- Have students review the information in *You and Your Credit* and complete the credit application and related exercises.

D. Give test.

E. Critique test and discuss in class.

F. Reteach and retest as necessary.

III. Unit references

A. *Consumer Handbook to Credit Protection Laws*. Board of Governors of the Federal Reserve System. Washington, DC, December 1978.

B. Nelson, Frank. *Group Instruction for Cooperative Programs*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

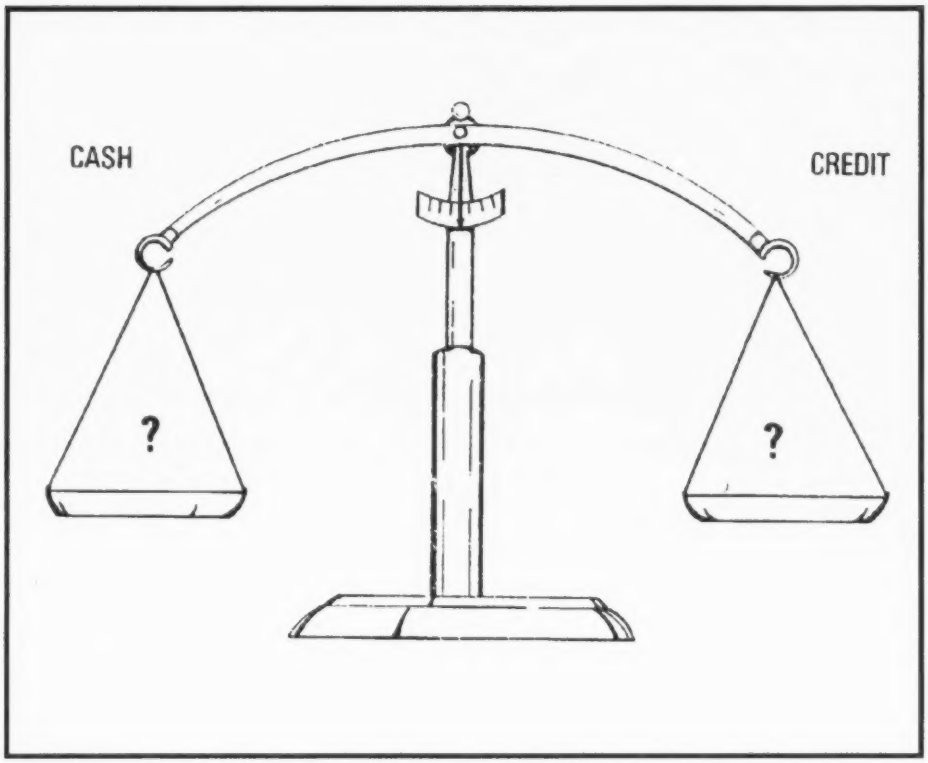
C. Sawatzky, Joyce. *Family Living*. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1978.

D. Truitt, Debbie. *Home Economics II*, rev. ed. Stillwater, Oklahoma: State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1980.

SECURING CREDIT
UNIT VI

SUPPLEMENT #1 — BULLETIN BOARD IDEA

Construct a "value scale" for the bulletin board as follows:



Note of explanation: The scale could be made of cardboard so there will be depth. As points are brought out in the discussion for and against buying for cash or on credit, discs representing such points as "lower prices," "no interest," "immediate possession". . . may be placed in the trays.

How to Figure the Cost of a Loan

1.	Multiply amount of payment by the number of payments to find TOTAL you pay.	$ 47.50 ×12 $570.00
2.	Subtract the actual amount of cash, goods, or services received.	$570.00 – 500.00
3.	Difference is your cost of borrowing.	$ 70.00

SECURING CREDIT
UNIT VI

INFORMATION SHEET

I. Terms and definitions

A. Credit — System that allows payment at a later date

B. Interest — Charges made for use of borrowed money

C. Collateral — Property used as security for a loan

EXAMPLES: Personal property owned, such as automobile, furniture, livestock, bonds or insurance policy

D. Credit bureau — Place where credit histories may be obtained

E. Credit rating — Evaluation of a person's record of payment

F. Repossess — Lender taking back merchandise because of nonpayment

G. Bank credit card — Plastic card provided by a bank that allows customers to charge goods or services at almost any business

EXAMPLES: Mastercard and Visa

H. Retail credit card — Plastic card provided by a specific business that allows customers to charge goods and services at only that business

EXAMPLES: JC Penney, Goodyear, Dillards, Speigel, Sears, Phillips 66, Texaco

I. Cosigner — Individual needed to sign a loan contract in addition to person applying for the loan; becomes responsible for the loan if person applying for loan does not make payments

J. Debt — Existing promise to pay in the future

K. Simple interest — Charges made on original amount borrowed

L. Compound interest — Charges made on present unpaid balance

(NOTE: Interest is usually calculated on unpaid balance each month.)

M. Principal — Original or remaining amount of money owed

(NOTE: This does not include interest or other charges.)

INFORMATION SHEET

II. Types of credit

A. Service credit

EXAMPLES: Doctor, dentist, utility bills

B. Sales credit

EXAMPLES: Regular charge accounts, revolving charge accounts, credit charge accounts, installment credit

C. Cash loans

III. Sources of credit

A. Commercial bank

B. Savings and loan association

C. Life insurance company

D. Credit union

E. Finance company

F. Retail merchant

G. Pawnbroker

IV. Advantages and disadvantages of using credit

A. Advantages

1. Allows consumer to use goods while paying for them

2. Establishes credit rating

3. Helps consumer make major purchases

(NOTE: Many people have difficulty setting aside money each month until they have the total purchase price of an item.)

4. Allows consumer to meet financial emergencies

5. Aids in recordkeeping and budgeting

(NOTE: Recordkeeping and budgeting may become easier when one monthly payment is made. Also, receipts are convenient for tax purposes.)

INFORMATION SHEET

6. Eliminates the need to carry large amounts of cash

7. Aids return of merchandise

   (NOTE: Money has not changed hands yet.)

8. Allows consumer to take advantage of some bargains

B. Disadvantages

(NOTE: It is easier to buy now and pay later than it is to save for purchases; therefore, it can be said that credit weakens purchasing resistance.)

1. Encourages impulse buying

2. Can cause financial problems through overspending

3. Causes goods to cost more

   (NOTE: Not only does interest affect the cost of an item, but prices include the cost of paperwork caused by those individuals who do not pay and additional costs to businesses.)

4. Overuse can result in poor credit rating

V. Six C's of credit

A. Character

(NOTE: Determined by background in money matters, honesty, reliability, willingness to pay, and record of financial responsibility.)

B. Capital

(NOTE: Includes financial resources, such as equity in house, household goods [furniture, stereo], automobile, life insurance policy, and savings account.)

C. Capacity

(NOTE: Judged by present and future income and current financial situation.)

D. Conditions

(NOTE: Agreements must be satisfactory to both parties.)

E. Collateral

(NOTE: Possessions used as security for debts must be of satisfactory value.)

INFORMATION SHEET

F. Common sense

(NOTE: Credit must be used wisely.)

VI. Types of sales credit

A. Regular charge account

1. Purchases are paid for within a specified period of time, such as 30, 60, or 90 days
2. No extra charge is added unless payment is made after specified time
3. Billing is usually monthly

B. Revolving charge account

1. Maximum amount (line of credit) is established

(NOTE: This amount is determined by credit record and income.)

2. Monthly payments must be made on a portion of the balance
3. Interest is charge on unpaid balance
4. New purchases may be added up to the maximum amount

C. Installment account

(NOTE: These accounts are also available at banks.)

1. Generally used for large purchases like appliances, furniture, and automobiles
2. User signs a contract and agrees to make regular payments over a certain period of time
3. Down payment is usually required
4. Merchandise may be repossessed if payments are not made on time

VII. Sound credit practices

A. Be selective in using credit

B. Limit borrowing on nonessential items

C. Know your situation

INFORMATION SHEET

D. Keep debts in line with income and ability to repay

E. Shop for credit and select a dependable lender

F. Be businesslike, frank, and fair in credit dealings

VIII. Factors that affect amount of interest

(NOTE: Are you aware that interest must be paid before the principal? For example, half of your payments on a house may be just for the interest.)

A. Economic conditions

EXAMPLE: During times of inflation, the government may cause interest to increase in order to discourage consumer spending.

B. Credit rating

EXAMPLE: If you pay your bills on time, you may be able to get lower interest rates.

C. Institution granting credit

D. Purpose and type of loan

EXAMPLE: Loan with your home as collateral will have lower interest rates than a loan backed only by your promise to pay.

IX. Precautions for using credit

A. Always read the entire contract before you sign

(NOTE: If you do not understand even the small print, obtain help in interpreting.)

B. Never sign a blank contract

C. Borrow only what you need

D. Pay back the amount as quickly as you can

(NOTE: Check penalties, if any, associated with prepayment.)

E. Try to borrow from a bank or credit union and buy in cash, obtaining the best cash discount you can find

(NOTE: Banks or credit unions usually offer lower interest rates than finance companies.)

INFORMATION SHEET

F. If you must borrow money for a purchase, seek the lowest priced loan you can find

(NOTE: The lowest priced loan may not be with the seller of the merchandise.)

G. Pay bills on time in order to become known as a good credit risk

H. Use credit to meet emergencies, for necessities rather than luxuries, and for major items and durable goods that have benefits after payments are completed

X. Types of loans

A. Collateral loan — Legal title/claim to an item purchased is held as security by the lending institution until the item is paid in full

B. Life insurance loan — Based on the cash value of an insurance policy

C. Secured personal loan — Made with collateral that is safe and will not lose dollar value

(NOTE: The amount of the loan will be less than the market value of the collateral.)

EXAMPLE: Blue chip stock used as collateral

D. Unsecured personal loan — Made to a consumer with a good credit rating with the promise to repay as the only collateral

(NOTE: This is sometimes called a *signature loan*.)

E. Demand loan — Short term loan (usually less than one year) which is repaid in installments or in full at the end of the designated time period

F. Passbook loan — Arrangement that allows a consumer to borrow up to the amount in his/her savings account without withdrawing the savings

G. Education loan — Financing for college education with repayment usually not beginning until after graduation

H. Consolidated loan — Money borrowed to pay off all debts

I. Credit card loan — Using a bank credit card to finance purchases or receive cash

J. Check credit loan — Offered by banks whereby consumer can recieve loan simply by writing a check

EXAMPLE: The borrower may write a check for $50 more than she/he has in the checking account, and the bank automatically makes a loan for $50.

INFORMATION SHEET

K. Home improvement loan — Special loan for increasing the value of a residence

   EXAMPLE: Adding a room, putting on a new roof

L. Mortgage loan — Loan made on real estate with the property used as collateral

M. FHA loan — Mortgage loan insured by the Federal Housing Authority

N. VA loan — Mortgage loan for eligible veterans with the Veteran's Administration partially guaranteeing the loan

SECURING CREDIT
UNIT VI

ASSIGNMENT SHEET #1 — COMPLETE A SAMPLE CREDIT APPLICATION

NAME _____ SCORE _____

When you apply for credit, you will probably be asked to fill out an application form like the one provided by your instructor. The Equal Credit Opportunity Act does not guarantee that you will be given credit, but it does guarantee that you cannot be denied credit because of your age (unless you are not of legal age in your state), sex, marital status, race, religion, national origin, or because you are on welfare or Social Security. Also, a creditor cannot discourage you from applying for a loan, refuse credit if you qualify, or give you credit under different terms than would be given to a person with similar income, expenses, credit record, and collateral. Keep this information in mind as you complete the sample credit application on the following page or when applying for a loan.

Complete the sample credit application on the following page.

CREDIT APPLICATION

PRIVATE AND CONFIDENTIAL !

NAME		
LEGAL (IF DIFFERENT)		
ADDRESS		
CITY		
STATE	ZIP	TELEPHONE

DESCRIPTION OF BUSINESS		
IN BUSINESS SINCE	EMPLOYEES	CREDIT REQUESTED

BUSINESS STRUCTURE
☐ CORPORATION ☐ PARTNERSHIP ☐ PROPRIETORSHIP

☐ DIVISION/SUBSIDIARY
NAME OF PARENT COMPANY _____
HOW LONG IN BUSINESS _____

COMPANY PRINCIPALS RESPONSIBLE FOR BUSINESS TRANSACTIONS

NAME/TITLE	FULL TIME	PART TIME	ADDRESS/CITY/STATE/ZIP

BANK REFERENCES

INSTITUTION NAME	INSTITUTION NAME	INSTITUTION NAME	
CHECKING ACCOUNT NO.	SAVINGS ACCOUNT NO	LOAN NO.	☐ Business ☐ Personal
NAME TO CONTACT	NAME TO CONTACT	NAME TO CONTACT	
TELEPHONE NUMBER	TELEPHONE NO	TELEPHONE NO	LOAN BALANCE

TRADE REFERENCES

FIRM NAME	CONTACT NAME	TELEPHONE NUMBER	ACCT OPENED SINCE	HIGH CREDIT	CURRENT BALANCE

CONFIRMATION OF INFORMATION ACCURACY AND RELEASE OF AUTHORITY TO VERIFY

I hereby certify that the information in this credit application is correct. The information included in this credit application is for use by Your Company Inc. in determining the amount and conditions of credit to be extended. I understand that Company may also utilize the other sources of credit which it considers necessary in making this determination. Further I hereby authorize the bank and trade references listed in this credit application to release the information necessary to assist Your Company Inc. in establishing a line of credit.

SIGNATURE _____ *TITLE* _____ *DATE* _____

POLICY STATEMENT: INITIAL ORDER FROM NEW ACCOUNTS WILL NOT BE PROCESSED UNLESS ACCOMPANIED BY THE ABOVE REQUESTED INFORMATION.
TERMS: NET 30 DAYS FROM DATE OF INVOICE.

SECURING CREDIT
UNIT VI

ASSIGNMENT SHEET #2 — EVALUATE CREDIT RATING

NAME _____ SCORE _____

Your credit rating is a valuable asset. The credit bureau does not actually rate a person's credit. It simply passes on the information it has received, and the inquiring business makes its own decision.

Take this sample test to see how you rate. Decide how many points you should get for each item, and total them to find your score.

Banks and other agencies that lend money have a way of rating those who apply for credit. Here is a standard form used by some banks.

The bank wishes to know the following:

Income _____

How long on present job _____

Credit experience _____

Collateral available _____

Down payment you can make on purchase _____

From the following information, fill out your credit rating above.

Income per Week	**Points**
Under $100	0
$101 to $200	150
Over $200	200
Spouse employed and earning wages	50

Length of Time on Job	
Less than a year	0
One to four years	100
Four to ten years	150
Over ten years	250

Credit Experience	
None	0
Favorable for six months (one source)	250
Favorable for six months (another source)	100
Good record from previous loans from bank	100
Unfavorable credit references	100

ASSIGNMENT SHEET #2

Down Payment You Can Make	
0 to 10%	0
10% to one-third	100
Over one-third	200

(A score of 600 will usually get you small loans.)

How did you rate? _____

_____

_____

_____

_____

_____

SECURING CREDIT
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ASSIGNMENT SHEET #3 — CALCULATE COST OF CREDIT

NAME _____ SCORE _____

Credit costs vary with different lenders. It pays to shop for credit as well as for goods and services. What you will have to pay for credit depends on the rate of interest, how long you take to repay, and whether there are additional charges for getting the credit. Usually, credit costs increase with higher interest rates, longer time payments, and additional charges.

To calculate interest costs on a loan, use the following formula:

PRINCIPAL × INTEREST RATE × TIME = INTEREST COST

Example: Sam has borrowed $1,200 for one year with an 18 percent interest rate. This money will be used to remodel the kitchen in his home.

$1,200 × .18 × 1 = $216.00 interest cost

To calculate interest costs on time payments, use the following formula:

MONTHLY PAYMENTS × NUMBER OF PAYMENTS - ORIGINAL PRICE = INTEREST COST

Example: Sarah's monthly payments for a new clock radio are $12.25 monthly for six months. The original price of the radio is $60.00

$12.25 × 6 = $73.50 total cost

$73.50 - $60.00 = $13.50 interest cost

Use these formulas to solve the following problems.

1. Tom is moving into his own apartment in the fall. He has obtained a $1,000.00 loan for one year to help with expenses. The interest rate is 7 percent. What are the interest costs of this loan?

   Calculate in the space below:

Answer: _____

ASSIGNMENT SHEET #3

2. Julie is thinking about buying a stereo. She wants to borrow $500.00 for 6 months at 18 percent interest. What are the interest costs of this note?

   Calculate in the space below:

   Answer: _____

3. Jim is purchasing a citizens band radio. The original price is $300.00. Monthly payments are $19.24 for 20 months. What are the interest costs on this purchase?

   Calculate in the space below:

   Answer: _____

4. Susie is purchasing a winter coat. The original price is $100.00. Monthly payments are $18.15 for 7 months. What are the interest costs on this purchase?

   Calculate in the space below:

   Answer: _____

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ASSIGNMENT SHEET #4 — EVALUATE CREDIT AND LOAN SITUATIONS

NAME _____ SCORE _____

Read the following case studies and answer the questions that follow.

1. After Paula graduated from high school, she went for a job interview at a local bank and was hired. When she looked over her wardrobe, she realized that her school wardrobe was not suitable for this job. Until she received her first paycheck, she did not have the money to buy new clothes. She considered borrowing money from her parents, but her dad had been off work for three weeks with an injury, and she knew he could not afford to loan her money now. She decided to check with a local department store concerning the possibility of opening a charge account. She found the credit manager at the store very pleasant and helpful.

   Since she had worked at a part-time job while in high school and had good references, the store opened a charge account in Paula's name. This allowed her to purchase enough clothes to dress properly for her new job.

   What types of credit were possibly available from the department store?

   a. _____

   b. _____

   c. _____

   d. _____

2. Bob worked with his father on their farm after school and on weekends. Bob's dad decided they needed a new piece of farm equipment; however, at the present time they did not have the cash to purchase the equipment. Because Bob's dad was not familiar with types of loans associated with farm equipment, a friend suggested that he go to a finance company because they did not require credit references. In school Bob had studied credit buying and had learned that finance companies, in some cases, charge much higher interest rates than other lending institutions. After more consideration, Bob's dad talked to a loan officer at the local bank and found that the bank would loan the money, using the equipment as collateral, for 10 percent interest. Comparing the interest rate of the bank with the interest rate of the finance company, Bob and his dad found that they could save a considerable amount by borrowing from the bank.

   What guideline for obtaining a loan was applied here?

   _____

ASSIGNMENT SHEET #4

3. Joan moved into a new apartment which did not have a refrigerator. She checked and found that by borrowing the cash from the bank she could purchase the appliance at a savings of 10 percent on the purchase price. Because she had been working only a short time and had not opened a checking or savings account at the bank, the bank would not make her a loan. Joan then decided to purchase the refrigerator on the installment plan at the department store, even though this method of buying cost her more.

   a. What advantages to using credit are illustrated here?

   _____

   b. If Joan makes her payments promptly and establishes a good credit rating, will it be easier for her to borrow money from the bank next time?

   _____

4. Gene moved to the sales department in the company where he worked. The move meant that he would be traveling considerably and would need to purchase a smaller, more economical car. When he found the car he wanted, he checked with several lending institutions to determine the best way he could finance the car. After checking with the bank, the finance company, and his company's credit union, Gene found that through the credit union he would get a lower interest rate and also lower monthly payments.

   What guideline for obtaining a loan was applied here?

   _____

SECURING CREDIT
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ASSIGNMENT SHEET #5 — FIGURE CARRYING CHARGES

NAME _____ SCORE _____

Directions: Work each problem in the space provided.

(NOTE: Carrying charges are those finance charges you pay for the opportunity to pay for goods or services over a period of time.)

1. A new ten-foot boat and 40-horsepower motor cost $3500.00 cash or $399.50 down payment and $200.00 a month for 18 months. How much money could you save if you paid cash?

2. A console TV set costs $825.00 cash or $100.00 down and $65.00 a month for a year. What is the carrying charge?

3. A washing machine costs $375.00. On the installment plan, it is $50.00 down and $23.00 a month for 16 months. What is the carrying charge?

4. A used Dodge sedan sells for $1900.00 or $199.50 down and $110.00 a month for a year and a half. How much extra are you paying by using the installment plan?

ASSIGNMENT SHEET #5

5. How many months would it take to repay a debt of $180.00 if you paid $15.00 a month?

6. Find the carrying charge on a portable TV set that retails at $435.00. The installment plan is $45.00 down and $26.00 a month for 16 months.

7. Four new tires cost $375.00 at Sears or $50 down and $44.00 a month for 8 months. How much can you save by paying cash?

8. A used Mustang convertible sells for $1200 cash or $150 down and $62.50 a month for 18 months. How much extra are you charged for using the installment plan?

9. An electric hot water heater costs $294.95 cash or $45.00 down and $22.75 a month for a year. How much does it cost on the installment plan?

10. If you earn a take-home pay of $260 per week and budget 17 percent of this for a car payment, could you afford to pay $186.92 a month for a car?

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ASSIGNMENT SHEET #6 — COMPARE INSTALLMENT BUYING WITH CASH BUYING

NAME _____ SCORE _____

Directions: Subtract horizontally to find the savings if you pay cash.

	Item	Installment Price	Cash Price	Savings
1.	Radio	$ 92.00	$ 79.95	_____
2.	Desk	96.75	89.95	_____
3.	Bed	60.00	54.98	_____
4.	Bunk bed	146.95	134.50	_____
5.	Gas heater	52.60	44.99	_____
6.	Dining room set	400.00	359.99	_____
7.	Car stereo	84.40	69.98	_____
8.	Washer	209.98	188.99	_____
9.	TV	349.99	298.98	_____
10.	Sewing machine	147.20	131.75	_____
11.	Recliner	142.40	129.50	_____
12.	Refrigerator	221.50	198.30	_____
13.	Vacuum cleaner	44.90	39.50	_____
14.	Sofa	215.60	194.95	_____
15.	Gas range	285.00	269.50	_____
16.	Electric dryer	128.60	99.95	_____
17.	Used car	602.80	500.00	_____
18.	Used cycle	299.95	210.00	_____
19.	Mag wheels	179.83	159.96	_____
20.	Encyclopedia	239.00	199.00	_____

SECURING CREDIT
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ANSWERS TO ASSIGNMENT SHEETS

Assignment Sheet #1 — Completed to the satisfaction of the instructor.

Assignment Sheet #2 — Completed to the satisfaction of the instructor.

Assignment Sheet #3 —

1. $1,000 × .07 × 1 (or $^{12}/_{12}$) = $70.00
2. $500.00 × .18 × .5 (or $^{6}/_{12}$) = $45.00
3. ($19.24 × 20 months) - $300.00 = $84.80
4. ($18.15 × 7 months) - $100.00 = $27.05

Assignment Sheet #4

1. a. Open account
   b. Revolving charge account
   c. Optional revolving credit
   d. Installment credit

2. Shop around for the best type of loan and interest rate.

3. a. Credit enables people to meet financial emergencies, allows customers to use goods while paying for them, and allows customers to take advantage of some bargains.

      (NOTE: Other answers may be accepted if justified.)

   b. Yes

4. Shop around for the best type of loan and interest rate.

Assignment Sheet #5

1. $499.50
2. $55.00
3. $43.00
4. $279.50
5. 12 months
6. $26.00

ANSWERS TO ASSIGNMENT SHEETS

7. $27.00
8. $75.00
9. $318.00
10. no (only $176.80 allowed)

Assignment Sheet #6

1. $12.05
2. $6.80
3. $5.02
4. $12.45
5. $7.61
6. $40.01
7. $14.42
8. $20.99
9. $51.01
10. $15.45
11. $12.90
12. $23.20
13. $5.40
14. $20.65
15. $15.50
16. $28.65
17. $102.80
18. $89.95
19. $19.87
20. $40.00

SECURING CREDIT
UNIT VI

TEST

NAME _____ SCORE _____

1. Match terms associated with establishing credit to their correct definitions. Write the correct numbers in the blanks.

_____a. Charges made on present unpaid balance

_____b. Individual needed to sign a loan contract in addition to person applying for the loan; becomes responsible for the loan if person applying for the loan does not make payments

_____c. Plastic card issued by a bank that allows customers to charge goods or services at almost any business

_____d. Existing promise to pay in the future

_____e. System that allows payment at a later date

_____f. Property used as security for a loan

_____g. Place where credit histories may be obtained

_____h. Charges made for use of borrowed money

_____i. Evaluation of a person's record of payment

_____j. Lender taking back merchandise because of non-payment

_____k. Charges made on original amount borrowed

_____l. Original or remaining amount of money owed

_____m. Plastic card provided by a specific business that allows customers to charge goods and services at only that business

1. Credit rating
2. Credit
3. Repossess
4. Cosigner
5. Interest
6. Debt
7. Bank credit card
8. Collateral
9. Simple interest
10. Credit bureau
11. Compound interest
12. Retail credit card
13. Principal

TEST

2. Name types of credit.

   a. _____

   b. _____

   c. _____

3. Name two sources of credit.

   a. _____

   b. _____

4. Distinguish between advantages and disadvantages of using credit. Write an "A" before advantages and a "D" before disadvantages in the blanks provided.

   _____a. Eliminates the need to carry large amounts of cash

   _____b. Allows consumer to use goods while paying for them

   _____c. Encourages impulse buying

   _____d. Aids return of merchandise

   _____e. Causes goods to cost more

   _____f. Allows consumer to take advantage of some bargains

   _____g. Aids in recordkeeping and budgeting

   _____h. Helps consumer make major purchases

   _____i. Can cause financial problems through overspending

   _____j. Allows consumer to meet financial emergencies

   _____k. Establishes credit rating

   _____l. Overuse can result in poor credit rating

5. Name the six C's of credit.

   a. _____

   b. _____

   c. _____

   d. _____

TEST

e. _____

f. _____

6. Distinguish between types of sales credit. Write the correct numbers in the blanks. Answers may be used more than once.

_____a. Interest is charged on unpaid balance

_____b. Down payment is usually required

_____c. Billing is usually monthly

_____d. No extra charge is added unless payment is made after a specified time

_____e. User signs a contract and agrees to make regular payments over a definite period of time

_____f. Monthly payments must be made on a portion of the balance

_____g. Merchandise may be repossessed if payments are not made on time

_____h. Maximum amount (line of credit) it established

_____i. Purchases are paid for within a specified period of time, such as 30, 60, or 90 days

1. Regular charge account
2. Revolving charge account
3. Installment account

7. Select from the following list sound credit practices. Write an "X" in the blank before each correct answer.

_____a. Shop for credit and select a dependable lender

_____b. Know your own situation

_____c. Limit borrowing on nonessential items

_____d. Be selective in using credit

8. Select from the following list factors that affect the amount of interest. Write an "X" in the blank before each correct answer.

_____a. Economic conditions

_____b. Age and marital status

_____c. Race and sex

TEST

_____d. Institution granting credit

_____e. State of health

_____f. Credit rating

_____g. Type of job

_____h. Salary

9. Select from the following list precautions for using credit. Write an "X" in the blank before each correct answer.

_____a. Borrow only what you need

_____b. Pay bills on time in order to become known as a good credit risk

_____c. Read most of the contract before you sign

_____d. Use credit to purchase luxuries and consumable items

_____e. If you must borrow money for a purchase, seek the lowest price loan you can find

_____f. Choose the longest pay-back terms allowed

_____g. Sign a blank contract if the loan agency is reputable

_____h. Try to borrow from a bank or a credit union and buy in cash, obtaining the best cash discount you can find

10. Match types of loans to their correct descriptions. Write the correct numbers in the blanks.

_____a. Legal title/claim to an item purchased is held as security by the lending institution until the item is paid in full

_____b. Based on the cash value of an insurance policy

_____c. Made with collateral that is safe and will not lose dollar value

_____d. Made to a consumer with a good credit rating with the promise to repay as the only collateral

_____e. Short term loan (usually less than one year) which is repaid in installments or in full at the end of the designated time period

1. Check credit loan
2. VA loan
3. Unsecured personal loan
4. Life insurance loan
5. FHA loan
6. Home improvement loan

TEST

_____f. Arrangement that allows a consumer to borrow up to the amount in his/her savings account without withdrawing the savings

_____g. Financing for college education with repayment usually not beginning until after graduation

_____h. Money borrowed to pay off all debts

_____i. Using a bank credit card to finance purchases or receive cash

_____j. Offered by banks whereby consumer can receive loan simply by writing a check

_____k. Special loan for increasing the value of a residence

_____l. Loan made on real estate with the property used as collateral

_____m. Mortgage loan insured by the Federal Housing Authority

_____n. Mortgage loan for eligible veterans with the Veteran's Administration partially guaranteeing the loan

7. Collateral loan
8. Secured personal loan
9. Mortgage loan
10. Demand loan
11. Credit card loan
12. Passbook loan
13. Education loan
14. Consolidated loan

(NOTE: Test items 11 through 16 list the assignment sheets. They are an important part of this test. If they have not been completed, check with your instructor.)

11. Complete a sample credit application.
12. Evaluate credit rating.
13. Calculate cost of credit.
14. Evaluate credit and loan situations.
15. Figure carrying charges.
16. Compare installment buying with cash buying.

SECURING CREDIT
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ANSWERS TO TEST

(NOTE: It may be helpful to use your blank test to make a test key.)

1. a. 11
   b. 4
   c. 7
   d. 6
   e. 2
   f. 8
   g. 10
   h. 5
   i. 1
   j. 3
   k. 9
   l. 13
   m. 12

2. a. Service credit
   b. Sales credit
   c. Cash loans

3. Answer may include any two of the following.

   a. Commercial bank
   b. Savings and loan association
   c. Life insurance company
   d. Credit union
   e. Finance company
   f. Retail merchant
   g. Pawnbroker

4. a. A
   b. A
   c. D
   d. A
   e. D
   f. A
   g. A
   h. A
   i. D
   j. A
   k. A
   l. D

5. a. Character
   b. Capital
   c. Capacity
   d. Conditions
   e. Collateral
   f. Common sense

6. a. 2
   b. 3
   c. 1
   d. 1
   e. 3
   f. 2
   g. 3
   h. 2
   i. 1

ANSWERS TO TEST

7. a, b, c, d

8. a, d, f

9. a, b, e, h

10.

a.	7	h.	14
b.	4	i.	11
c.	8	j.	1
d.	3	k.	6
e.	10	l.	9
f.	12	m.	5
g.	13	n.	2

Test items 11-16 evaluated to the satisfaction of the instructor.